

THE GLOBAL NEWSPAPER
Printed Simultaneously
in Paris, London, Zurich
and Hong Kong

Herald Tribune

Published With The New York Times and The Washington Post

No. 30,918

PARIS, FRIDAY, JULY 16, 1982

ESTABLISHED 1887



A Lebanese shopper in West Beirut ponders an abundance of produce after the partial opening of supply routes.

Iran, Iraq Report Heavy Toll On Both Sides of the Border

Compiled by Our Staff From Dispatches
LONDON — Iraq said Thursday that its forces killed 3,729 Iranian troops in southern Iraq while Iran reported heavy civilian casualties in "savage" Iraqi air attacks on its border towns.

An Iraqi military spokesman was quoted by the Iraqi news agency as saying the figure given was the total number of casualties incurred by the Iraqis in fighting around the southern Iraqi port city of Basra Wednesday and Thursday.

The spokesman said the Iranian army lost 27 tanks and seven armored personnel carriers in the fighting.

The Iranian news agency said 15 civilians were killed and 145 wounded in the latest Iraqi air attacks on western Iranian cities, bringing the total casualty figure to 61 civilians dead and 645 injured in the second day of Iraqi air strikes.

Iran said the Iraqi bombardment destroyed a school in Islamabad in the central sector of western Iran and said several other buildings were destroyed by fires in the city. It also reported heavy damage in the city of Ilam just south of Islamabad.

An Iranian military communiqué said that Iranian air defenses downed six Soviet-made Iraqi MiGs over Ilam and the major Iranian oil refining center of Abadan in southern Iran.

The Iranian reports said its invasion forces in Iraq had repulsed counterattacks near Basra and that fighting was continuing.

The Iraqis also denied a statement by Iraq that Iranian troops had been pushed back across the border. A military communiqué carried on Tehran Radio said the fighting was continuing in southern Iraq.

In Washington, an administration spokesman said there may be 200,000 troops involved in the fighting — 100,000 on either side. "Very fierce fighting is going on," the spokesman said.

Military sources said it is probably the highest troop engagement on a narrow front since World War II.

Iran launched the offensive Wednesday and has pledged to overthrow President Saddam Hussein of Iraq and establish an Islamic republic there modeled on Iran's fundamentalist regime.

Tehran Radio said Iranian troops smashed "a feeble Iraqi counteroffensive" Thursday morning after knocking out 10 Iraqi tanks and forcing Iraqi troops to flee. It reported that another Iraqi counteroffensive had been foiled Wednesday.

The Baghdad military command, quoted by the Iraqi agency, said Iraqi Air Force planes shot down two U.S.-made Iranian Phantom jets in a dogfight over Basra.

Iran said Wednesday that its forces were only 15 kilometers (nine miles) from Basra but it did not say how far from the city its troops were Thursday.

An Iranian military spokesman said the intensity of fighting had decreased and Iranian forces were mainly consolidating newly gained positions.

Basra is Iraq's second biggest city and its outlet to oil terminals in the Gulf. It lies only 30 kilometers from Kuwait on the western bank of the Shatt al-Arab.

Cheddi Klighi, secretary-general of the Arab League, conferred with ambassadors of the United States, Britain, Japan, Turkey and Pakistan and acting ambassadors of the Soviet Union and West Germany on Wednesday and Thursday, league officials said.

In Washington, a White House statement urged "an immediate end to hostilities and a negotiated settlement" of the renewed conflict.

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Syrian Says Refusal to Admit PLO Forces Is Final

Compiled by Our Staff From Dispatches
NICOSIA — Syria's foreign minister on Thursday night ruled out a withdrawal to his country of Palestinian guerrillas besieged by Israel in Beirut.

The statement by the minister, Abdel Halim Khaddam, contradicted one by the Palestine Liberation Organization chairman, Yasser Arafat, in Beirut that a proposed withdrawal to Syria was still under discussion, despite a Syrian announcement last week that it had no room for the estimated 6,000 guerrillas.

But Mr. Khaddam, arriving here to attend a meeting of the no-negotiated movement to discuss the Lebanon crisis, said, "This is the final decision. Under no circumstances" would Syria accept the PLO forces.

Mr. Khaddam said that he and Saudi Arabia's foreign minister, Prince Saud al-Faisal, would visit Washington next week as part of an Arab effort to seek the support of the five permanent members of the United Nations Security Council for an Israeli withdrawal from Lebanon.

Diplomats in Damascus said the meeting was highly significant because President Reagan would be meeting with representatives of the two Arab mainstays: Saudi Arabia, a spokesman for the moderates, and Syria, a member of the hard-line camp.

With the Beirut talks at a standstill, the PLO security chief said Thursday that there was a probability of a military showdown on the streets of West Beirut.

"We are engaged in political negotiations, but a fight remains the foremost probability," the security chief, Salah Khalaf, better known as Abu Iyad, said in a speech over the PLO's Voice of Palestine radio.

"We are prepared to fight and shall do it with everything we have, even with our nails."

U.S. and Lebanese mediators canceled a scheduled conference Thursday because Lebanese President Elias Sarris was ill and could not meet with the U.S. special envoy, Philip C. Habib, Lebanon's state radio reported.

The broadcast said Mr. Habib would resume his efforts Friday to break the stalemate on how, when and where to evacuate the PLO guerrillas. About 35,000 Israeli troops are besieging the Palestinian forces, and Israel has threatened to storm the predominantly Moslem western sector if talks fail.

A U.S.-arranged cease-fire, the sixth since Israel invaded Lebanon on June 6, was "generally intact" for a fourth straight day despite minor infractions in the Beirut area and in eastern Lebanon, the Lebanese police said.

In his speech over the PLO radio station, Abu Iyad called on guerrillas to turn a deaf ear to "news reports and broadcasts, which say we are prepared to surrender and leave Beirut."

"Rest assured we will never lay down arms. We shall never leave Beirut by ships or through enemy lines. We shall never raise the white flag of surrender," he said.

He reiterated the PLO's demand for the deployment of a multinational force in West Beirut to stand between guerrillas and the Israeli forces before any discussion with the Lebanese government on a PLO evacuation.

In Jerusalem on Thursday, Defense Minister Ariel Sharon said Israel's demand that all the guerrillas leave Beirut was not open to compromise.

Mr. Sharon, speaking at an Air Force Day parade, warned the PLO that Israel's decision to allow more time for the guerrillas to depart was not a sign of "weakness or hesitancy."

He said, "The Israeli sword is placed against the necks of the terrorists. But it's best that everyone involved remember we have not returned the sword to the sheath, and we won't return it until the last of the terrorists disappears from Beirut."

Foreign Minister Yitzhak Shamir indicated that Israel does not want to wait 30 days for a negotiated PLO withdrawal — the amount of time that U.S. Secretary of State-designate George F. Shultz suggested may be necessary during his confirmation hearings this week in Washington.

In a television interview, Mr. Shamir said, "We are still waiting but we cannot wait without any limit of time. It depends on developments and negotiations. I think 30 days is a very long time and we must see [if] the PLO are serious, if they have really decided to leave Lebanon, if they know they have no other choice."

Another Israeli official who refused to be identified was more blunt. "It's much too long," he said of the 30 days. "For then it means that for 29 days [PLO leaders] don't have to negotiate."

In related developments Thursday:

- In Paris, President François Mitterrand received a PLO official for the first time, but a spokesman emphasized that the official, Farouk Kaddoumi, was part of an Arab League delegation and that the meeting did not imply recognition of the PLO.
- In Cairo, President Hosni Mubarak of Egypt called for an Arab summit conference to forge a unified policy on the Palestinian problem.

McPherson, administrator of the Agency for International Development, describe the damage he saw in a three-day trip to Lebanon earlier this month.

In a news conference after the meeting, Mr. McPherson said he was "greatly distressed at the intensity and extent of damage to housing and life-support infrastructure facilities such as power, water supply, urban streets and sanitation facilities" in Lebanon.

He accused Israel of periodically cutting off food and medicine to West Beirut, despite previous statements by Israeli Prime Minister Menachem Begin that such supplies would be allowed to reach the estimated 500,000 civilians in the sector. He said U.S. diplomats were urging Israeli officials "at the highest level" to permit deliveries of such supplies.

Excluding those in West Beirut, Mr. McPherson said, most civilians in Lebanon appeared to have enough food and medical supplies for the immediate future. Even the hundreds of thousands of homeless are able to survive outdoors during the warm summer months, he said, although he predicted increasing problems as personal savings are depleted and cold weather sets in.

Mr. Reagan originally announced a commitment of \$15 million in U.S. relief funds for Lebanon and asked Congress for an additional \$20 million. Congress authorized an extra \$30 million, and the president has decided to use the full amount.

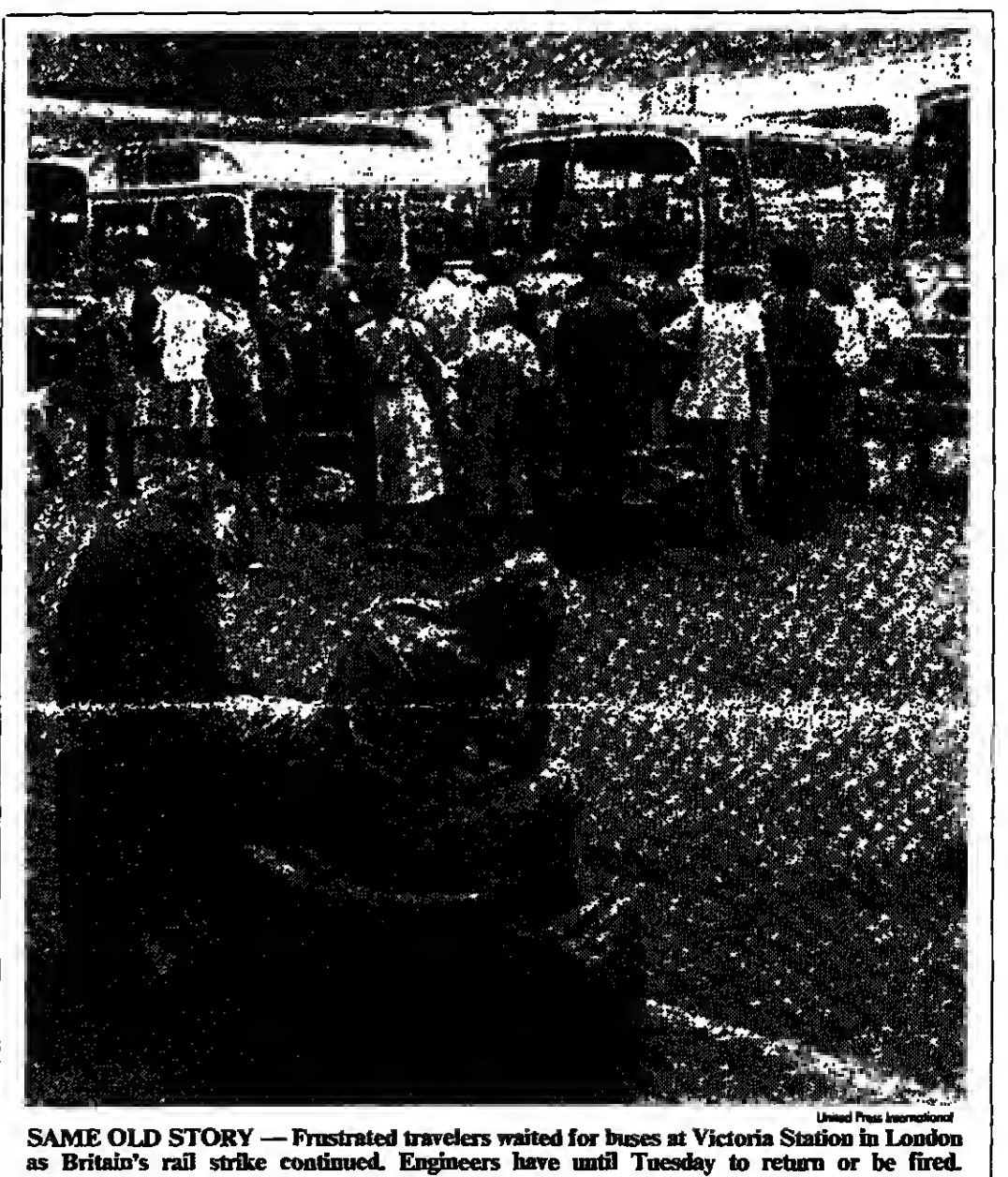
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SAME OLD STORY — Frustrated travelers waited for buses at Victoria Station in London as Britain's rail strike continued. Engineers have until Tuesday to return or be fired.

Reagan Planning Big Arms Stepup To Aid Honduras

Washington Post Service
WASHINGTON — The Reagan administration plans to provide more than \$60 million in military assistance to the government of Honduras over the next two years to meet what White House officials see as a growing subversive threat from neighboring Nicaragua and leftist terrorists.

Administration officials outlined the aid plan — which would be a 700 percent increase from the amount provided over the last two years — after a White House meeting Wednesday between President Reagan and President Roberto Suazo Cordova of Honduras.

Mr. Suazo Cordova's visit was designed, in part, to help promote Mr. Reagan's \$350 million economic assistance program for Caribbean basin nations, which faced a crucial vote in a House committee Thursday.

A senior American official said that the administration hopes to win congressional approval for \$21 million to upgrade three Honduran airfields for use by U.S. combat planes as well as for \$17 million in supplemental military aid.

This would be in addition to the \$10.5 million already earmarked, most of it for arms sales, to Honduras this year, an amount the official said would probably be increased by about \$14 million next year.

Reagan Asks Saudi Aid in Finding PLO Haven

By Bernard Weinraub
New York Times Service

WASHINGTON — President Reagan has written a letter to King Fahd of Saudi Arabia asking for Saudi help in finding a safe Arab haven for the Palestine Liberation Organization forces besieged in West Beirut, according to administration officials.

The letter was understood to have urged that Syria be asked to take most of the estimated 6,000 PLO forces, with other Arab states taking the rest. Administration officials said Wednesday that the main stumbling block to a resolution of the crisis in Beirut was finding an Arab country willing to accept the PLO forces.

The officials said that the United States, which has been involved in the complex negotiations for a PLO evacuation through Mr. Reagan's special envoy, Philip C. Habib, believes it is up to the Arab states to decide where the PLO should go.

Israeli forces have encircled Beirut for weeks, threatening to invade the city and wipe out the PLO forces if they do not leave voluntarily. The United States is willing to contribute as many as 1,000 troops to a peacekeeping force to guarantee a safe evacuation, but, as of Thursday, no Arab state had agreed to receive the PLO.

In another development, a statement laid Tuesday by a PLO official in Paris that the group was prepared to recognize Israel "on a reciprocal basis" was played down Wednesday by the State Department following a brief stay among administration officials.

Officials were plainly interested, however, in the reports from Paris on the speech by Issam Sartawi, an adviser to PLO chairman Yasser Arafat. Mr. Sartawi said the organization "has formally conceded to Israel in the most unequivocal manner the right to exist on a reciprocal basis." He called on the United States to recognize the PLO and deal with it directly.

A State Department spokesman said Mr. Sartawi's comment "does not appear to meet the position we have laid out" for recognizing the PLO. "The United States will not recognize or negotiate with the PLO so long as the PLO does not recognize Israel's right to exist and does not accept Security Council Resolutions 242 and 338," said the spokesman. The resolutions refer to the rights of all states in the Middle East to live within secure and recognizable boundaries.

One official, a Middle East specialist, when asked if the PLO must essentially make the first move and formally recognize Israel, said: "That's a logical conclusion."

Beyond that, some State Department officials questioned Mr. Sartawi's leverage within the PLO, and asked whether his conciliatory words directly reflected Mr. Arafat's views.

Officials of the American Israel Public Affairs Committee, a congressional lobbying group for Israel, said Mr. Sartawi had made similar statements as far back as 1977, and that his comments have often been "disavowed" by PLO leaders.



Peter McPherson — Distressed at damage.

U.S. Increases Lebanon Relief
WASHINGTON (WP) — President Reagan agreed Wednesday to earmark an additional \$30 million for civilian relief in Lebanon, bringing to \$65 million the total committed by the United States.

Mr. Reagan agreed to the additional funds after listening to Peter

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Southern Yemen Courts Neighbors

Nation Seeks Generous Friends, but Marxism Is a Barrier

By Edward Cody
Washington Post Service

ADEN, Southern Yemen — Soviet submarines of ten surface in the vast natural harbor here to float under the relentless sun for a few days before shoving off to resume underwater patrols in the Indian Ocean.

A half-dozen miles down the coast, at Aden's Khor-makkar Airport, Soviet reconnaissance planes take off on daily flights over the Gulf and transport routinely airlift cargo to Socatra, an island 200 miles offshore where Soviet submarine tenders are reported to moor.

The military facilities afforded the Soviets here, although described by diplomats as limited, illustrate the strategic value to Moscow of this dirt-poor little nation that has brought the Arab world its only authentically Marxist government. But, according to Arab and other foreign observers, the Soviet stake here is ideological as well as strategic, a chance to influence overwhelmingly conservative Arab societies with down-home Communist doctrine.

There is no comparable Western presence. South-

ern Yemen has had no diplomatic relations with the United States since 1969.

Most of the region's Marxist-oriented opposition groups — including Omanis, Somalis, North Yemenis, Saudis, Iraqis and Egyptians — have operations here to channel Southern Yemeni or Soviet aid.

But since the pro-Soviet faction in the Southern Yemen leadership won ascendancy two years after independence from Britain in 1967, most of Moscow's effort has been concentrated right here. The 24,000-man armed forces are entirely Soviet-equipped and, according to informed diplomats, Soviet advisers are assigned to most units of the Army, Navy and Air Force.

An estimated 1,500 Soviets work here on military or technical advisory jobs, these sources say, along with about the same number of Cubans and East Germans.

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INSIDE

■ Nearly four years after the crisis over toxic chemicals developed, a U.S. study has found that most of the neighborhood around the Love Canal in Niagara Falls, N.Y., is again safe to live in. Page 3.

■ With bipartisan sponsorship from more than 200 senators and representatives, the recently failed Equal Rights Amendment was reintroduced in Congress. Page 5.

■ China has imposed new restrictions on study abroad and is clamping down on contacts with foreigners. Page 6.

■ TOMORROW — Art sleuths who for nearly 40 years have been tracking down thousands of European masterpieces looted by the Nazis now fear that many owners, sensing that the trail has gone cold with the passage of decades, are getting ready to market their booty. An article will appear in Weekend.

Geneva's Calm Is a Metaphor for Civilized U.S.-Soviet Arms Talks

By John Vinocur
New York Times Service

GENEVA — Flame and ash: metaphors that don't work here. The Alps rise up, sharks' teeth in the distance. The lake glistens, a sapphire of a million carats. From the eighth-floor window of the offices where the Americans and Russians talk of banishing thousands of nuclear weapons, the world looks so green, blue and white, so perfect, that words like fear and destruction shrivel into irrelevance in the brilliant light.

On the walls of the conference room at the U.S. headquarters are lithographs of hockey and basketball scenes, the only visual link to survival and haste. Neutral and rich, Geneva calms and reassures. The people who talk about strategic missiles, riding back and forth on the Avenue de la Paix in black limousines — a morning at the Americans' office, an afternoon at the Russians' mission — do it as if the landscape must not be betrayed. There is a kind of community of caution among the delegates, partly willed and partly instinctive. In John Calvin's city, they seem predestined to negotiate humanity's fate in quiet.

For anyone who remembers the public side of

the Vietnam peace negotiations in Paris when they began more than 13 years ago, the current talks in Geneva are their antithesis. That conference center on the Avenue Kleber near the Arc de Triomphe had a continuous clangor: still statements, accusation, counteraccusation, ill will as much real as feigned.

The mood in Geneva, in contrast, is such that Paul H. Nitze, chief of the U.S. delegation in the talks on intermediate-range missiles, has supper regularly with Yuri A. Kvitsinsky, his Soviet opposite number, and the Russian has invited the American to the ballet. The corporate feeling even extends to living quarters. Some members of the U.S. staff live in an apartment-hotel, La Résidence de France, where Soviet personnel are housed as well.

Edward L. Rowley, who is in charge of the U.S. negotiating team for the talks on strategic missile reductions, which began last month, has known the head of the Soviet delegation, Viktor P. Karpov, for years. And the faces of both Mr. Nitze and Mr. Kvitsinsky (with a fur hat) appear on T-shirts the Americans have had made up.

Mr. Kvitsinsky owns one; he may even wear it.

The intimacy has a couple of explanations. One is the ground rules that are in effect for both sets of talks. Both sides have agreed to complete confidentiality, which means that the negotiating teams have undertaken not to discuss progress or details publicly. The result is that they are not directly burdened with polemics in the news media or public statements that would make private discussions uncomfortable, embarrassing or even impossible.

The second explanation for the intimacy is the kind of negotiating pattern that has developed through the first two Soviet-U.S. strategic arms agreements. At the meetings, there are formal presentations from written briefs. These are complemented by direct exchanges during recesses in the sessions, which generally last an hour and a half to four hours.

In the recesses, the delegation chiefs pair off, as do the chief military advisers and other staff members. Their exchanges are orchestrated and depend to a degree on a sense of nuance and knowing the capacities for extrapolation of the person opposite. "Tell him that what I mean means this, but not too directly," a delegation chief might say.

In the most favorable analysis, the familiarity saves time. Mr. Rowley knows the Soviet Defense Ministry man, Maj. Gen. V.P. Starodubov, from the earlier talks. He knows the Foreign Ministry representative, Alexei A. Obukhov, from the same period. Mr. Obukhov went to the University of Chicago and studied under Hans J. Morgenthau, Jack W. Mendelsohn, a member of Mr. Rowley's delegation who has known Mr. Obukhov through the earlier talks, received a graduate degree at the University of Chicago as well. The shared jargon, the communality, the lack of a need for particularly heavy posturing make things easier.

But the two teams will not finish the talks in a month or two. When they recess within a week or so, the intermediate-missile negotiations will have met more than 40 times, and the strategic arms group just enough for the United States to have laid out its basic position. Progress is difficult to quantify. In the strategic talks the Soviet Union rejected the U.S. proposition out of hand when it was first outlined by President Reagan in May. In the intermediate-range talks, involving missiles based in Europe and aimed at European targets, the Soviet defense minister, Marshal Dmitri F. Ustinov, has complained that the

Americans were seeking to create an impasse in the talks.

Another version of the Nitze-Kvitsinsky talks is that they have been serious and useful and have served to clear away much of the "surrounding garbage." Yet this is essentially preliminary to dealing with the basic issue — what happens to 300-odd Soviet SS-20s targeted on NATO countries and to the Pershing-2 and Cruise missiles the alliance says it will deploy at the end of 1983 if the Soviet Union does not remove its missiles.

Mr. Nitze's job would appear tougher than Mr. Rowley's. Whereas the strategic arms talks involve roughly similar numbers of missiles on both sides, Mr. Nitze has none at all to trade off. Rather, he must deal from a position of threatening deployment — which is resisted by the anti-nuclear movement in Western Europe — to persuade the Soviet Union to eliminate the missiles it has steadily positioned over the last five years.

Mr. Nitze also has a wider constituency than his colleague, because his talks take in all the NATO countries where the U.S. missiles are to be deployed. He must also deal within a specific time framework relating to the NATO deployment schedule.

Solutions, Even Counts, Differ for Homeless Palestinians

By David B. Ottaway

Washington Post Service

TEL AVIV — Even before the fate of the Palestinian guerrillas trapped in West Beirut is determined, a complicated issue looms concerning tens of thousands of homeless Palestinian refugees.

"This, I believe, is the most crucial problem we are going to face after Beirut itself," said Gravitinsky Israel, a top aide to Yassov Meridor, the Israeli economic minister, who has been put in charge of relief in southern Lebanon.

The problem also involves mounting pressures not only from the Israelis but numerous local and national Lebanese political leaders to oust the more than 200,000 refugees.

Mr. Israel said Tel Aviv is vehemently opposed not only to the continued existence of the refugee camps in Lebanon, but even to setting up tents on a temporary basis to house the Palestinians who have lost their homes in the fighting.

"We don't want Palestinian camps within 45 kilometers of our border," he said, referring to the Israeli plan for a 28-mile buffer zone in southern Lebanon

completely cleared of all hostile elements. "The camps are a hothouse for the terrorists and terrorism. If you have tents, then you have a camp again. We don't want to see someone putting 1,000 tents somewhere and then start providing services."

Mr. Israel is convinced his views are shared by the Lebanese government and local officials.

The Lebanese government has in fact made no official statement regarding its views on whether the refugees should stay or go as the whole issue of their status is still under negotiation with the Palestine Liberation Organization leaders in Beirut.

Several prominent Lebanese Christian leaders have said that the refugees should go. Local authorities in the south who for years have had to deal with the myriad of disputes stemming from the presence of the camps and armed PLO guerrillas would welcome their departure.

Even the exact number of homeless Palestinians is far from clear. Israeli military leaders insist that in roughly one-third of the country under their control — containing six Palestinian camps — there are no more than 20,000 homeless, but military sources will

concede privately the number may run as high as 35,000.

Israel, however, writes its own definition of homeless. A military source explained that the army regards as homeless only those who don't have shelter right now, excluding tens of thousands who have found temporary shelter in schools, public buildings and other villages.

Different Estimates

The United Nations Relief and Works Agency, which has been providing services to Palestinian refugees in Lebanon and elsewhere in the Mideast for more than 30 years, said in a statement July 6 that at least 47,000 Palestinian refugees living in the camps south of Beirut were homeless. This estimate did not include those outside the camps, nearly half the registered refugee population.

This figure was nonetheless a sharp reduction from an earlier UN agency statement that there may be as many as 175,000 Palestinian refugees in need of assistance.

A prime example is the virtually destroyed camp of

Ain el Helweh outside the port of Sidon. UN figures put the total registered population of the camp just before the June 6 invasion at about 25,000.

An Israeli officer told several visiting American reporters Monday he thought there were 40,000 Palestinians living there before the invasion, while two UN doctors there gave a figure of 70,000.

One American official who recently toured southern Lebanon to assess the situation for the U.S. government said he believes there are at least 100,000 Palestinians and Lebanese whose homes had been damaged or destroyed, but he conceded that no detailed survey has yet been made.

The same confusion over numbers exists for estimates of the total Palestinian population in all of Lebanon. UN statistics in 1981 showed 232,455 registered Palestinian refugees, slightly more than half of them living in 13 camps.

The Israelis think this is an exaggeration. A UN official here said Wednesday, however, that if all the Palestinians living in Lebanon, refugees and others, were counted, the number would probably be about 500,000. The PLO uses the figure 600,000.

Aden Alienates Neighbors With Its Marxism

(Continued from Page 1)

am not sure, but sometimes I think even the leaders' speeches are written by Russians."

Despite the Soviet presence — symbolized by red stars lining the volcanic peaks dominating Aden — President Ali Nasser Muhammad's two-year-old government has taken steps to allow resumption of limited private commerce. Reversing the dogmatic state-run system of his predecessor, Abdul Fatah Ismail, Mr. Muhammad loosened import restrictions and permitted merchants to buy consumer goods from a state agency and sell them at retail

in Aden's traditional hole-in-the-wall shops.

Trade and Supply Minister Ahmad Ubayd al-Fadil said in a written response to questions that such a private commerce must play "an important role" in improving living standards here. But he estimated it has accounted for only 4 or 5 percent of the country's trade during the last several years.

Nevertheless, residents here report food and consumer goods that were impossible to find three years ago are now readily available, although many shops remain shuttered during business hours.

Mr. Muhammad, 43, has long been regarded as the most pragmatic of Southern Yemen's top leadership. His relatively moderate attitude is thought by diplomats here to control the government now. But in part, they add, the pragmatism is encouraged by lack of money, exacerbated by floods this spring, that has turned Southern Yemeni attentions toward the wealth of Saudi Arabia and its conservative Persian Gulf allies.

"They need cash, and they're only going to get it from the Arabs," a foreign observer said. "And it has strengthened the hand of people like Ali Nasser Muhammad, who believes you can't eat dogma."

Despite more than a decade of Soviet aid, Southern Yemen remains visibly poor. The government recently announced plans to raise the annual per capita income — about \$210 — by half in the next three years.

It is unclear how this can be done without huge infusions of aid. Aden's main moneymaker, its port, has been in the doldrums since closure of the Suez Canal in

the 1967 Middle East war caused a shift in sea traffic patterns. Its oil refinery, with 30-year-old technology, had been running far below its capacity of 165,000 barrels a day until recently, when Iran and Iraq began using it to replace their own war-damaged facilities. But informed sources here said it still is running at less than 120,000 barrels a day.

Against this background, Mr. Muhammad has been making tentative overtures to the conservative Arab neighbors whose cash he needs. Most efforts have concentrated on convincing Saudi Arabia that Aden can get along with North Yemen and Oman.

No Breakthrough Seen

North Yemen for years has backed opposition guerrillas in these two countries. But there have been contacts with President Ali Abdullah Saleh of North Yemen and Sultan Qaboos bin Said of Oman in an effort to end the conflicts. Kuwait and Saudi Arabia have been involved as mediators, but Western observers said there is no indication that any major breakthrough is imminent.

Years of hostility and mutual suspicion have made these efforts difficult. After agreeing several times in the last decade to unite and after exchanging presidential visits during the past six months, North and Southern Yemen drafted a joint constitution under Saudi and Kuwaiti patronage.

Yet sources here said the two nations almost went to war three months ago as North Yemen mounted a major military campaign against the Southern Yemen-backed National Democratic Front guerrillas seeking a change

in the Saudi-influenced government in Sana. In addition, Southern Yemen executed 10 persons and jailed three in May on charges that they infiltrated from North Yemen to commit sabotage on instructions from Saudi Arabia after receiving training from U.S. and British experts in Saudi Arabia.

Similarly, agreements on reconciliation with Oman have fallen through. A meeting set for June 5 in Kuwait between Southern Yemen and Omani envoys was canceled.

According to diplomats stationed here — who say they have limited access to government thinking — the talk of unity and reconciliation inevitably runs into a barrier posed by Southern Yemen's fundamental Marxist orientation and its alliance with the Soviet Union and Moscow's other regional allies, especially Ethiopia and Libya.

Justice White Hit By Man at Speech

The Associated Press

SALT LAKE CITY — U.S. Supreme Court Justice Byron White was punched several times Thursday as he started to make a speech, by a man yelling about "pornography and busing."

The man was quickly overpowered by members of the audience. Justice White, 65, was not seriously hurt and continued with his speech. The justice was being introduced as a speaker at a meeting of the Utah Bar Association at a hotel here when the attack took place.

"He's causing four-letter words to come into my living room through the TV set," the assailant said after he was seized. "The only way I know how to stop it is to go to the source."

Iran-Iraq War Could Overshadow Lebanon Invasion, Israelis Believe

By Henry Kamm

New York Times Service

JERUSALEM — Senior Israeli officials believe that if Iran's invasion of Iraq proves to be a sustained attack to overthrow President Saddam Hussein, it will overshadow the war in Lebanon in its importance to East-West relations and the future of the Middle East.

Israeli officials see the Iranian drive as an onslaught on a country that is both an important center of

Soviet influence and Israel's most unrelenting Middle East enemy — the only country in the region that refused to sign the 1949 truce.

Israel still refuses to refer to Israel by any terms but "the Zionist entity" or "occupied territory."

Israel became a supplier of military equipment and spare parts to Iran when the Iraqis invaded Iran in 1980 despite the anti-Israeli proclamations of Ayatollah Ruhollah Khomeini and his persecution of Iranian Jews.

Israeli officials also discern the possibility that the fighting may have effects — positive from Israel's point of view — on Syria and Jordan. Syria has broken with Arab unity to support Iran where as Jordan has backed Iraq.

If Syria feels threatened by the resumption of the Iraqi-Iranian war, this time on Iraqi territory, the Damascus government might be inclined to transfer some of its troops stationed on both sides of

the Lebanese-Syrian border to the Iraqi frontier.

Jordan would be immediately affected if Iran accomplished its goal of overthrowing the Iraqi regime. The establishment of a hostile government in Iraq might cause Jordan's King Hussein to conclude that the time is ripe for Jordan to join the Camp David peace process.

Israel would like to have Jordanian participation in the autonomy talks for the Palestinians in the occupied territories. "We could offer Jordan peace in the west and even help in maintaining the integrity of its territory," an Israeli official said.

Beirut Problems

The Israelis, meanwhile, remain preoccupied with the problem of the siege in Beirut.

A senior Israeli official said he believes that 30 days seems excessive for Philip C. Habib, the special U.S. envoy, to negotiate the peaceful departure of the Palestine Liberation Organization from Beirut.

The view that Mr. Habib needs 30 days was put forward by Secretary of State-designate George P. Shultz at his U.S. Senate confirmation hearings on Tuesday.

In the Israeli view, the only problem that needs to be settled is what country will accept the PLO. Senior officials believe that Syria holds the trump card of being the most likely place of exile for Yasser Arafat and his organization's leaders and soldiers, and is holding out for the highest price.

The price, according to Israeli officials, would consist of Saudi Arabian money and a continued Syrian troop presence in eastern Lebanon.

Bonn to Pay Foreign Workers to Go Home

United Press International

BONN — The government, in an attempt to quiet growing racial prejudice, has approved a plan to give financial aid to foreign workers willing to be repatriated.

The plan involves the early payment of savings and pension funds to encourage foreigners to return home. Employment Minister Heinz Westphal said at a news conference after a Cabinet meeting. It also involves limiting the immigration of relatives of foreign workers already living in West Germany.

"Nobody is being driven away," said Mr. Westphal. But he added that the country's capacity to take in foreigners has been exhausted.

There has been growing unease in the government at outbursts of hatred against West Germany's 4.7 million "guest workers," who make up 8 percent of the population.

"Turks go home" and "Germany for Germans" have become frequently heard taunts, and recent polls have indicated that some 80 percent of adult Germans think there are too many foreigners in the country.

The Turkish ambassador to Bonn, Vahit Halefoglu, criticized the animosity toward foreigners of "a certain group" in West Germany. Speaking Wednesday in Münster at the opening of a new

Zail Singh Voted India's President

NEW DELHI — Zail Singh was elected seventh president of India Thursday, the Press Trust of India reported. Mr. Singh, 66, is a strong supporter of Prime Minister Indira Gandhi and was the nominee of her ruling Congress-I Party. His only rival was a former supreme court judge, H.R. Khanna, who was the candidate of the opposition.

His victory had been assured because Mrs. Gandhi's party commands more than 60 percent of the vote in the presidential electoral college, which is made up of members of the two houses of Parliament and the 22 state legislatures. A former home minister, he is to take the oath of office July 25, a day after Neelam Sanjiva Reddy steps down following a five-year term as president.

Opposition party leaders denounced Mr. Singh as a man who would obey Mrs. Gandhi's commands instead of maintaining adherence to the country's constitution, a key function of the president.

Shultz Confirmed as Secretary of State

WASHINGTON — George P. Shultz was confirmed by the Senate late Thursday as the United States' 60th secretary of state. The vote was 97-0. Three senators were absent.

The confirmation was never in doubt. Mr. Shultz, 61, effectively locked up the Cabinet post when he won the unanimous endorsement of the Foreign Relations Committee a day earlier.

He will take over the office vacated July 5 by Alexander M. Haig Jr. Plans for the swearing-in were not firm, but aides to President Reagan discussed a possible ceremony at the White House Friday morning.

Japan Rejects Soviet Arms Proposal

TOKYO — Japan will not support a Soviet proposal for renunciation of the use of nuclear weapons, Foreign Minister Yoshio Sakuruchi said in a speech Thursday. "Unless the Soviet Union also declares its willingness to refrain from using its conventional forces, there is little meaning in the Soviet proposal," the Kyodo news agency quoted Mr. Sakuruchi as saying.

"We must be aware of the reality that the Soviet Union has deployed SS-20 missiles in the Far East and that the security of Japan comes under the protection of the U.S. nuclear umbrella," Mr. Sakuruchi said.

The Soviet Union pledged at the recent United Nations disarmament conference not to be the first to mount a nuclear strike, and it urged all nuclear powers to renounce their right to launch a nuclear attack in any armed conflict. The United States and other Western allies rejected the Soviet proposal.

Jaruzelski Issues Appeal to Youth

WARSAW — Premier Wojciech Jaruzelski, head of Poland's ruling military council, told a meeting of the Communist Party's Central Committee on Thursday that the authorities sincerely seek an understanding with youth.

He said that it was "the bitterness of young people and their striving for change that became the main force behind the impetuosity of Solidarity," whose 16-month challenge to the regime led to the military takeover last December. Gen. Jaruzelski added: "We sincerely want understanding, and this requires us to forget the errors born of momentary impulse, of false inspiration."

His apparently conciliatory tone contrasted with a declaration by the party newspaper, Trybuna Ludu, that no understanding could be reached with "the anti-socialist underground."

Hong Kong Holding 430 Refugees

HONG KONG — Since Hong Kong's policy of imprisoning Vietnamese refugees took effect in early July, about 430 have arrived and are being held in Chi Ma Wan Prison, authorities said Thursday.

Garth Hayden, acting deputy commissioner of correctional services, said the refugees will be detained indefinitely in an attempt by this British colony to deter the arrival of new Vietnamese boat people.

The Vietnamese may not leave the camp. Guards are authorized to open fire on any attempting to escape.

Compiled from Agency Dispatches.

Time Called Ripe for Pact on Forces

United Press International

VIENNA — The political climate is right for East-West agreement on reducing ground forces in Central Europe, the U.S. arms control director, Eugene V. Rostow, said Thursday.

He said the NATO proposals put forth in the nine-year-old Mutual and Balanced Force Reduction negotiations last week could reduce tensions in Central Europe and produce a more conducive atmosphere in the separate Geneva talks on nuclear arms reduction between the United States and the Soviet Union.

"The political climate is favorable to the possibility of an agreement," said Mr. Rostow, the director of the U.S. Arms Control and Disarmament Agency.

He said that even in the Middle East, Asia and the Caribbean should persuade the Soviet Union "that this is the time for a period of stability in their relationship with the West."

He said that the opportunities for peace that present themselves are "significant" and that the climate for agreement is favorable, "or should be favorable if the Soviet leaders are wise."

Mr. Rostow said he hoped that



Eugene V. Rostow

the new NATO proposals, which gave in to Warsaw Pact demands that any agreement be binding on all parties from its inception, would give momentum to the talks, which have been stalled over the Eastern bloc's refusal to supply accurate figures on troop levels and to allow verification of reductions.

8 Mexican Police Held In U.S. Teacher's Death

United Press International

MAZATLAN, Mexico — Eight police officers have been charged in the beating death of University of Colorado Prof. Nicholas Schrock, 42, who was killed in a robbery, officials say. Prof. Schrock disappeared May 30.

His body was exhumed Sunday in the cemetery of San Juan, in western Mexico. A U.S. Embassy spokesman said that eight San Ignacio policemen, including the chief, were arrested. "Four were charged with robbery and murder and four with complicity for helping move the body from a temporary grave on a highway."

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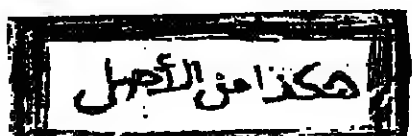
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U.S. Announces Plan To Take More Land Out Of Wheat Production

By Ruth Marcus

WASHINGTON — Agriculture Secretary John R. Block has announced a program to take as much as a fifth of the nation's wheat land out of production in order to bolster sagging prices and reduce a mounting surplus of grain.

Wheat growers said the program would not work, and consumer groups charged that it would drive up food costs.

Mr. Block also said again that he favors negotiating a new grain sale agreement with the Soviet Union, even though other administration officials have said this is politically impossible as long as Moscow continues to support martial law in Poland.

Short of a new agreement, Mr. Block suggested extending the current one, but for larger amounts than are now provided. The Soviet Union is a major buyer of U.S. grain, and financially strapped U.S. farmers have been pressing the administration to expand the present agreement.

The Senate passed a nonbinding resolution Wednesday urging the Reagan administration to resume negotiations immediately with the Soviet Union on a new pact, and the House minority leader, Robert H. Michel, Republican of Illinois, said he had urged Mr. Reagan at least to extend the current agreement "with some raised limits."

Under the program announced Wednesday by Mr. Block, farmers must set aside 20 percent of land they have traditionally used for wheat in order to be eligible for U.S. income-support payments and crop loans. As a further enticement, participants will be offered advance payment of half their support money.

This year's program called on wheat farmers to leave fallow 15 percent of their land, and offered no advance payment.

The income-support payments made to wheat farmers in the next crop year will be the difference between the market prices they receive and a target price set by law at \$4.30 a bushel.

Record wheat harvests and resulting low prices have been a persistent political and budgetary problem for the Reagan administration. For two years in a row the administration has tried to limit production despite its professed preference for free markets. Experts anticipate another record crop this year.

Agriculture department officials predicted that the advance payments — estimated at 25 cents a bushel — could put up to \$400 million in the hands of cash-hungry farmers, who might receive the money as early as September.

Mr. Block said that he expected the program to take 6 million to 10 million acres of wheat out of production.

He also announced \$300 million in guaranteed loans to countries that want to buy U.S. grain, raising available credit to \$2.8 billion.

Reagan Meets Cabinet

WASHINGTON (Reuters) — Mr. Reagan called a Cabinet session Thursday to try to resolve policy differences within the administration on renewal of the grain pact with Moscow.

Larry M. Speakes, the deputy White House press secretary, said he was "reasonably sure" Mr. Reagan would not make a decision at the meeting. Other White House officials predicted that he would make a decision early next week.

EEC Decides On Protest Of Sanctions Trade War Ruled Out In Pipeline Embargo

Trade War Ruled Out In Pipeline Embargo

BRUSSELS — The European Economic Community has decided to formally protest to the United States the recent extension of the embargo on technology for the Soviet natural gas pipeline, diplomats sources said.

The protest would be made Thursday to the State Department in Washington by a Danish diplomat, the sources said Wednesday. They said it followed an EEC decision to back away from a trade war with the United States, and instead to concentrate on diplomatic efforts to make President Reagan change his mind.

Last month, Mr. Reagan enlarged the ban on sale of U.S. oil and gas equipment to Moscow to cover European subsidiaries of American companies and to firms producing such equipment under license.

Moscow had ordered turbines from West European firms for the gas pipeline from Siberia, but the U.S. sanctions, in response to the imposition of martial law in Poland, could deprive the firms of vital parts and force them to renege on their contracts.

Inaction Until November

The diplomatic sources here said the EEC protest emphasizes the serious damage this embargo extension would inflict on European industries in a period of deep recession, and points out it would cause political tensions that could undermine the Atlantic alliance's stability and cohesion.

The West German minister for economics, Otto Lambdorff, is to start a two-week tour of the United States on Saturday to campaign against the sanctions. But Mr. Lambdorff said in an interview he did not believe Mr. Reagan would lift the embargo for the multibillion-dollar pipeline project until after the U.S. congressional elections in November.

Mr. Lambdorff said he shared the view, widely held in West Germany, that the pipeline sanctions had so far brought more comfort to Moscow than to the United States.

"The decision has benefited the Soviet Union doubly. It has stirred up trouble between the NATO partners and will force the Soviets to become independent of U.S. technology," he said.

Mr. Lambdorff, who has often scorned trade sanctions as an ineffective political weapon, said he would try to win a partial U.S. retraction of the sanctions. "Wait and see. Be patient," he said.

Soviet Turbines

In Moscow, the newspaper Komsomolskaya Pravda said a Soviet engineering plant will soon begin producing giant pumping turbines to combat the U.S. sanctions.

The newspaper said the Leningrad Metal Factory was in the process of switching to serial production of 25-megawatt turbines to pump Siberian gas to Western Europe. It did not say when the first one would be completed.

Moscow television said earlier this week that production of the pumps, a key element in the project, had already begun at another Leningrad plant.

The report appears to be part of a campaign to convince the West that the Soviet Union can finish the pipeline project on time in 1984 without foreign help. Several West European countries have agreed to purchase substantial amounts of natural gas delivered through the pipeline.

Olympic Airways Strike Set

ATHENS — Olympic Airways flight attendants announced a 48-hour strike beginning in early Friday. A union spokesman said the walkout may be extended until midnight Monday, and airline officials said foreign flights would be canceled.



Buildozers worked to clean up the dump site on Love Canal at Niagara Falls in 1979.

Love Canal Will Get New Cleanup Project

Compiled by Our Staff From Dispatches

NIAGARA FALLS, N.Y. — The government announced another cleanup project at the Love Canal chemical dump Thursday, even though a new report said most of the neighborhood is now safe.

The state Department of Environmental Conservation and the U.S. Environmental Protection Agency said they have signed an agreement for the cleanup of contaminated sediment in storm sewers, two creeks and two other areas. The EPA said \$7 million in special U.S. anti-pollution funds would be used.

The EPA announced Wednesday that its scientists have determined that chemical levels in most parts of the Love Canal neighborhood are now no higher than in other parts of Niagara Falls. The report did recommend, however, the additional cleanup project announced Thursday.

The Love Canal area, used from 1942-1953 as a dumping ground for 21,800 tons of chemical wastes, was evacuated by the state in 1978 after an EPA consultant found that 11 of 36 Love Canal residents tested suffered chromosome damage.

The new EPA study concluded that "the environmental monitoring study did not produce any evidence that Love Canal has contributed to environmental contamination" in the area studied.

The study is, however, expected

to generate new controversy. The Love Canal Homeowners Association said it "is appalled and outraged at the Environmental Protection Agency's report, its contents and conclusions, and the manner in which EPA has released the report."

The findings of minimal health danger do not apply to the 237 homes closest to Love Canal, which were evacuated, but to a so-called outer ring of 400 homes purchased by the Love Canal Area Revitalization Agency with U.S. funds in 1980.

The new, \$5.4-million health and environmental analysis was based on EPA monitoring of the air, water, soil and wildlife, and on an analysis by the U.S. Department of Health and Human Services of the levels of toxicity to discover whether public health was threatened.

The department concluded that the Love Canal areas studied were as safe to live in as the other areas in Niagara Falls and the United States that were studied as control sites.

The report, 18 months overdue, was undertaken in 1980 to clear up confusion created by an earlier, highly controversial and disputed chromosome study.

That study by Dr. Dante Picciano of Biogenics Corp. of Houston was prepared for use in the U.S. Justice Department suit against Hooker Chemical and Plastics Corp., which dumped the chemical wastes into the abandoned canal.

U.S. Report Calls Amtrak Subsidies Unjustified

By Ernest Holsendolph

New York Times Service

WASHINGTON — The Congressional Budget Office, in a sharply negative report, has advised Congress that U.S. subsidies paid to Amtrak are not justified.

Such subsidies benefit mostly high-income travelers, the 85-page report said. They are not justified on any of the grounds usually given for aiding the railroad, including energy efficiency, national security and providing transportation for the poor.

Amtrak has been reporting higher productivity, reduced labor costs and projections that the national passenger railroad is becoming less reliant on subsidies.

"Because the public benefits that Amtrak conveys appear limited, continuing large federal subsidies is difficult to justify," the report said. "Either large revenue increases or cost reductions — or

ther of which would be easy to achieve — would be necessary to reduce Amtrak's yearly deficits and subsidy needs."

Northeast Corridor

Even though the report contains no recommendations to Congress, it seems sure to buttress an administration attempt to slash \$188 million from this year's appropriation — cutting it to \$600 million — and help Transportation Secretary Drew Lewis in his effort to eliminate most long-distance passenger trains, while keeping service on the busy corridors.

Detroit J.L. Hudson to Shut

DETROIT — After 101 years, "significant and growing" losses are forcing the J.L. Hudson Co. to close its department store, long Detroit's biggest, early next year, the company's chairman said Wednesday.

Only the Northeast corridor shows favorable energy-saving results, the report says, and also saves on petroleum consumption, but these positive factors are overwhelmed by the poor performance of other Amtrak lines.

While acknowledging successful efforts by Amtrak management to upgrade its equipment and cut costs, especially by Alan S. Boyd, who has just resigned as chairman, the report found that such cuts were unlikely in the long term to be productive.

The prospect for Amtrak, the Congressional Budget Office said, are for steeply higher fares in the coming years and steady, continuous declines in the railroad's already meager ridership.

Following are some of the major findings:

- While all modes of intercity transportation, including automobiles, receive some amount of U.S. subsidy, passenger rail service receives disproportionately more than any other, while carrying only 1 percent of the traffic.
- Except for the Northeast corridor, rail operations are not energy efficient and even with substantial improvements operations in the corridor will save only about 1.733 barrels of oil a day, "less than 0.01 percent of the nation's daily consumption of petroleum."
- Even in an emergency where imported oil was cut off, Amtrak could not come close to filling the gap because of the limited size of its rail network. A better hedge against an oil cutoff, the report said, is higher investment in the Strategic Petroleum Reserve.
- While passenger trains carry many minority-group people, "at the same time rail carries a relatively high proportion of high-income persons. In general, subsidies to air, auto and rail service all tend to benefit higher-income travelers more than lower-income ones."

House, Senate Approve Urgent Spending Bill

New York Times Service

WASHINGTON — The House and Senate passed a \$5.3-billion urgent supplemental appropriations bill Thursday, but without White House assurances that it would escape the fate of a presidential veto, which struck down two of its predecessors.

Sen. Mark O. Hatfield, Republican of Oregon and chairman of the Appropriations Committee, was asked Wednesday whether President Reagan would sign the measure agreed to by House and Senate conferees earlier in the day. He replied, "I think so." But a spokesman for the Office of Management and Budget said he was "uncertain" whether this product will be acceptable.

Avert the Furlough

The administration had warned that Congress needed to adopt a spending measure this week to avert the furlough of thousands of federal employees, because the government was about to run out of funds. In the past, such threats have usually proven groundless, but have nonetheless spurred Congress to action since the members feared being portrayed as indifferent to the plight of government workers and the threatened disruption of government services.

In the two-hour conference Wednesday, senators and congressmen disposed of proposals involving tens of millions of dollars in a matter of seconds. Their overriding objective was to produce a measure that the president would sign. The legislators began work on the bill March 26.

The conferees added \$157.4 million in House proposals to the \$5.3-billion measure approved by the Senate. These additions were in effect by a \$171-million cut in rental subsidies. The Senate bill was \$390 million more than Mr.

Reagan had sought, but administration officials had said they could accept it.

The White House budget office spokesman noted, however, that the spending impact of the new cuts would not be felt for perhaps 20 years, while the impact of the additional funding would be felt almost immediately.

The additional funds included \$45 million for summer youth jobs, \$20 million to reimburse states for refugee assistance, \$72 million for federal highway programs and \$42 million for postal subsidies. The summer youth job funds were partly offsetting \$22 million from the \$57.6 million initially earmarked for work incentive programs.

The major appropriations include \$1.3 billion for guaranteed student loans, \$2.4 billion for sewer construction and \$1 billion for food stamps.

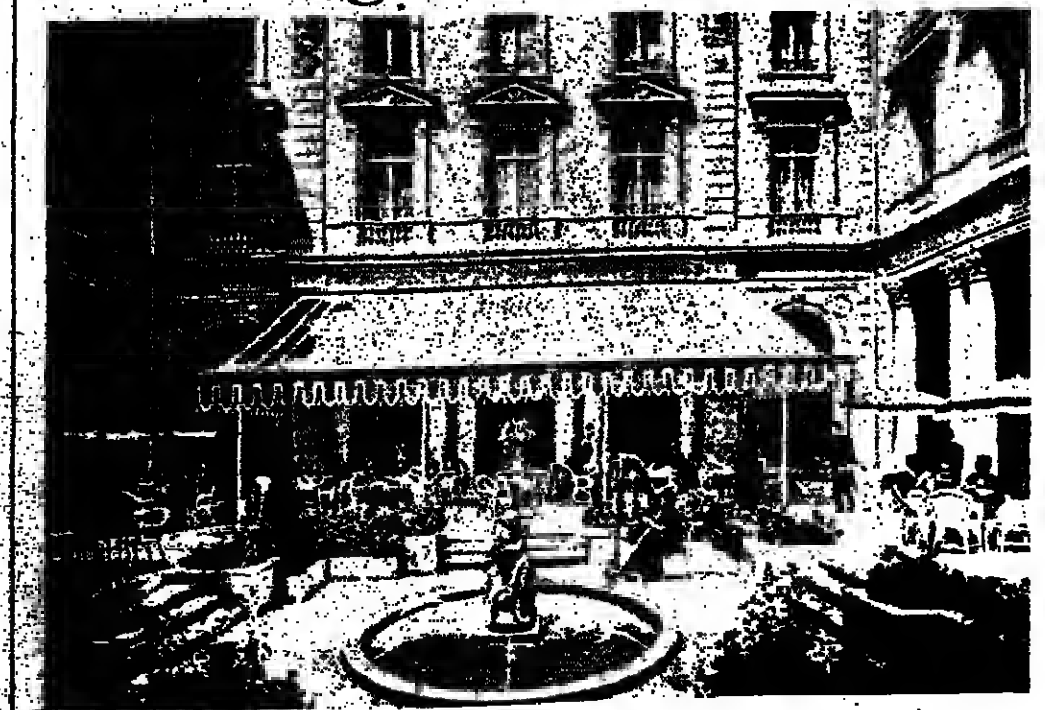
Panel Passes Assistance Bill

WASHINGTON (WP) — The House subcommittee on public assistance approved a bill Wednesday that would help reduce next year's budget deficit but would also, in an effort to combat the effects of the prolonged recession, provide 13 extra weeks of unemployment benefits to workers who exhaust their initial 39 weeks.

Up to 600,000 workers in 29 states with high unemployment would receive the extra benefits, Labor Department officials said.

To help offset the extra costs of this and several liberalizations of welfare benefits that were also approved, the Democratic-dominated subcommittee recommended an increase in income taxes for individuals who collect unemployment benefits part of a year, then find jobs and end up with substantial earnings.

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Herald Tribune

Published With The New York Times and The Washington Post

Mr. Shultz Is Welcome

From THE WASHINGTON POST:

George Shultz's public debut as the designated secretary of state, at his Senate hearing, was smooth and reassuring. He came off as unassuming, worldly, dignified. Mr. Shultz is in the postwar tradition of seasoned, international-minded businessmen-statesmen not usually typed as either liberal or conservative. Entering the Cabinet in the second wave, he arrives as more his own man, as a nominee who is doing something for the president rather than the other way around. It is hard to imagine Mr. Shultz fighting for, or having to fight for, the little people of the world. Mr. Shultz's assertion that the Lebanon crisis proves the urgency of addressing the "legitimate needs" of the Palestinian people drew the most attention. We found him right to get off the mark, especially in advising the PLO to get off its "guerrilla kick" and in criticizing Israel's settlements and political expulsions in the West Bank. He said what he surely believes, and what he as a figure suspected by some of a pro-Arab tilt had to say, to show his fidelity to Israel's well-being. He was also unapologetically and correctly generous in his appraisal of the American interest in good relations with the Arabs.

Mr. Shultz's corporate connection came in for some close scrutiny. He easily disposed of any suggestion of a mean financial conflict of interest or political bias on account of his service as president of the Bechtel Group, a huge international construction firm. Obviously, however, his business experience has helped shape his world view. It has inclined him to find common ground with all sorts of countries, not excluding Bechtel's Arab clients. It has disinclined him in principle to use trade and investment as leverage in political disputes. He justified Mr. Reagan's Soviet sanctions by citing specific Kremlin depredations in Poland, while leaving the clear impression he would not do much more of that sort of thing. Mr. Shultz's business exposure, out to speak of his overall economic expertise, cannot fail to add a dimension that has been largely missing from the secretarial perspective in recent decades.

His testimony showed firmness, but also the expected unfamiliarity of an outsider, in military and arms control matters related to the Soviet Union. This need not be crippling: For now, Mr. Shultz can coast on the initiatives already launched by, among others, his predecessor. In time, however, he will need to qualify himself to assert the diplomatic and departmental interest in the debates that shape U.S. policy on the great issues of war and peace in the nuclear age. We are hopeful that, here as elsewhere, Mr. Shultz will do the job. He deserves prompt confirmation.

Food and Cancer

From THE WASHINGTON POST:

If you are one of those people who have just about given up on making sense of the conflicting medical advice about what to eat, help—at least of a kind—is on the way. A striking convergence of expert opinion is coming about. More and more evidence shows that diet strongly influences the risk of coronary heart disease, cancer, hypertension and other major killers. And the recommended changes in diet for lowering the risk of each of these diseases reinforce, rather than contradict, each other.

The newest evidence comes from a two-year study of the connections between diet and cancer, recently issued by the National Academy of Sciences. The group found first of all that research into this vast and complex subject has hardly scratched the surface. But it did find enough persuasive evidence to justify issuing what it called four "interim dietary guidelines"—the first and last words indicating that the evidence is not complete and that there are still a lot of rules that will guarantee a cancer-free life.

But in the committee's judgment, following the guidelines will lower the risk of getting cancer. And since diet (not including smoking) is believed to be responsible for at least 30-40 percent of cancers, that should be enough to command attention.

The committee recommends that people restrict their intake of fats—saturated and unsaturated—to 30 percent of total calories. For the average American, that means cutting fat consumption—such things as whole milk and its products, ice cream, peanut butter, cooking fats and oils, beef and other fatty meats—by one quarter. The committee also

recommends eating "very little salt-cured, salt-pickled, or smoked foods," which include ham, bacon, bologna and hot dogs. The group urges "moderation"—which it fails to define—in alcohol consumption, especially for smokers, since tobacco smoke and alcohol exacerbate each other's effects.

On the positive side, the group found evidence of a protective effect against cancer among several vitamins, minerals and fibers. It recommends eating fruits (especially citrus fruits), whole grain products, and dark-green, yellow and cabbage family vegetables (such as carrots, tomatoes, winter squash, broccoli, brussels sprouts and cauliflower) daily. Didn't you always know that brussels sprouts were going to win out over peanut butter, were going to be your destiny?

There will be criticism of these recommendations on the ground that the experimental evidence is not conclusive. But as the academy's report points out, "we are in an interim stage of knowledge similar to that for cigarette smoking 20 years ago." (Cigarettes are causing one-quarter of the cancer deaths today.) Since absolutely conclusive evidence will take years to develop, the committee members felt that the evidence justifies action now. Surely they are right.

Agriculture Secretary John Block objects to the government's "telling people what they should or should not eat," so his department no longer distributes the dietary guidelines developed by previous administrations, which conform closely to these recommendations. That strikes us as saying it is fine for the government to pay when people get sick, but not for it to spend a fraction of that amount to encourage them to stay well.

Irresponsible Forecasts

From THE NEW YORK TIMES:

Do U.S. cities face a new round of riots this summer? The idea, provoked by predictions from nervous politicians and urban leaders, seems superficially plausible: The recession strikes hardest in the inner city; so do the cutbacks in social programs. Blacks despair over Reagan's insensitivity to civil rights. The idleness and frustration of the unemployed are basic ingredients of unrest.

In fact, there is no sound basis for predicting riots—and doing so is irresponsible. The riots of the '60s were the culmination of civil rights protest that began in the South and spread to northern cities. They erupted after years of discrimination, denied opportunity and exclusion from power. Racism still exists, but much of the old-fashioned oppression does not. Doors have opened to blacks in business, the professions and government. Black officials run major cities.

Police officers are more respectful of the rights of minorities; police departments are more integrated. In earlier times, a minor disorder might quickly intensify with the arrival of white policemen. Today, it is entirely possible that an unruly group of black youths would be dealt with by a squad of black officers under the command of a black sergeant.

The Miami riot of 1980 is an exception that proves the rule. It resulted from weeks of tension after a group of white policemen allegedly killed a black man, and city officials tried to cover up the incident.

None of this is reason to feel sanguine. The decay of inner cities remains a shameful failure of U.S. society. It has spawned a deeply alienated, violent underclass. Instead of summer riots, the price of social neglect may be year-round crime: the decentralized riot.

Scholars who have studied "collective violence" cannot say with precision when a community will explode, or why. What can be said with certainty is that since the 1960's the social, psychological and political ground of urban America has shifted in ways that make '60s-style rioting less likely. Predictions of violence have a way of fulfilling themselves. To predict riots arising from Reaganomics is not only glib but also dangerous.

Other Editorial Opinion

Nuclear Restraint

The International Atomic Energy Agency, which is supposed to be the world's watchdog on proliferation, admitted recently that its inspection procedures are inadequate. It suggested at least two countries may have clandestine bomb projects.

Since one of those two is presumably India, which set off a "peaceful" nuclear explosion eight years ago, it's easy to believe the IAEA lacks teeth.

The other is more likely Pakistan but there are reasons to believe these are not the only two nations flouting IAEA strictures.

The U.S. is in a pivotal position to get other exporting nations to improve their bilateral safeguards. Members of the European program and Japan have asked for blanket, long-term approval to reprocess U.S. supplied fuel and to reuse the resulting weapons-grade plutonium for power generation. President Reagan has already approved the requests in principle and negotiators are working out the detailed contracts, which will require congressional review.

The administration could use its leverage in these talks to help reduce the proliferation risk by demanding a *quid pro quo* that the Europeans and Japanese tighten their export controls and refrain from exporting any advanced reprocessing technology, which could easily be used to construct bombs.

—The Wall Street Journal.

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—The Wall Street Journal.

JULY 16: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Iran's Clerics

TEHRAN — Sheikh Fazlullah, the leader of the anti-reform party, erected a big tent with the object of holding mass meetings and inciting the populace against the modification of the fundamental laws. In one speech he violently attacked Seyd Memmed, the leader of the constitutional movement and described the members of the National Assembly as unbelievers. But the Persian people who are fighting for freedom from the yoke of an aristocratic regime, are less ready to accept the rule of a clerical one. A big demonstration was made by the anti-clericals, who pulled down the tent, insulted the clerics present and threatened to lynch Fazlullah if he did not depart from Tehran.

1932: Challenge to FDR

PARIS — Today's editorial in the Herald reads: "Secretary of the Treasury Ogden L. Mills, opening the presidential campaign in Boston, made a just and fair challenge in demanding of the Democratic nominee, Franklin D. Roosevelt, to state specifically what the Republican administration has failed to do or has done in the present crisis in the United States. From almost any viewpoint it must be admitted that President Hoover has pieced together all of the machinery in his power to alleviate unemployment and distress and to speed financial and business recovery. Some may violently disagree with the presidential program, but it is far too early to gauge the results."

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International Herald Tribune, 181 Avenue Charles de Gaulle, 92000 Neuilly-sur-Seine, France
Telephone 747-1265, Telex 612708 (Herald), Cables Herald Paris.
Directrice de la publication: Walter H. Thayer
General Manager, Asia: Alan Levine, 24-26 Hong Kong Rd. S-28 56 (H. Telex 61170)
S.A. au capital de 1,200,000 F. R.C.S. Numero 7 12021126. Commission Paritaire No. 3421.
U.S. subscription: \$256 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
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Europe Despairs That the U.S. Just Isn't Listening

By Flora Lewis

PARIS — The interim departure of Secretary of State Alexander Haig and arrival of George Shultz has brought a surprise to European governments. They have suddenly realized, as they hadn't so much before, that they have nobody to talk to in Washington.

Or rather, they have found that what they thought was an exchange was a dialogue of the deaf, as the French say. President Reagan and other U.S. officials have attended to them politely enough, but without actually hearing so that agreements were empty words.

This has emerged as the allies probe to understand U.S. motives in recent foreign policy decisions. Washington's position that it imposed sanctions on the Soviet-European gas deal to force easing of martial law in Poland seemed so illogical that no one in Europe took it seriously.

The gas deal is a 20-year commitment. The Russians will earn a lot of hard currency, but not before the late 1980s, and their anticipated revenue of \$10 billion a year would not be reached before 1990. Poland is an immediate issue, unrelated.

Now The New York Times reports that Washington is looking for some Polish gesture that will offer a way out, release of some prisoners or allowing the pope to visit. Perhaps that

will happen, but removal of pipeline sanctions in response would demonstrate even more clearly that the United States did not understand what really upset the Europeans.

They do want their East-West trade to provide jobs at home, and they are offended that the United States presumes the right to force businessmen in other countries to break signed contracts. But much more worrisome to allies is what all this implies about fundamental U.S. policy toward them and Moscow.

Unlike current U.S. practice, they do not take each decision as a separate issue; they add it all up to see what sense it makes as policy, and what comes through is deeply troubling.

"We can disagree on all kinds of things," said a high French official, "but there must be agreement on basic security issues or everything else will unravel." He was referring to the Reagan thesis that Moscow is tottering on the economic ropes now and a bit more pressure will make it turn and cultivate its own garden.

It just doesn't look that way to people who do business with Russia. And if the Kremlin were to grow desperate, Europeans think it would more likely mean new dangers for the

world than success from Soviet pressure. Helmut Schmidt said recently he was sure the Soviet Union was not about to collapse. Anybody who thinks so, he added, does not understand the strength and stamina of the Soviet people. To his litany of complaint about the lack of continuity and professionalism in American foreign policy leadership, he added lack of sophistication and nuance.

Schmidt is looking forward to the return of Shultz, his old friend, to the scene. But it is not the people, it is the lack of consistent, informed judgment that bothers him.

In fact, the evidence is that the Soviet apparatus is preparing important reforms for consideration when the congealed Brezhnev generation moves on. They have to do with economic management, the planning and price mechanisms, not with foreign affairs. The technicians involved do seek Western and U.S. expertise, but they are working for their own purposes.

No one can know whether helping them or rebuffing them might eventually have some impact on Soviet foreign and military policy. Internal reform might work to ease East-West relations and Soviet constraints on Eastern Europe by making Moscow less frightened of losing control of its own system. Tightening Western screws has never produced that result.

No amount of Reagan administration wheedling or pressure on allies can persuade them it will be different now. The facts they see contradict the favorite Washington analysis. But insisting can persuade Europeans that the United States is stubbornly ignorant or taking foolish risks or both.

That conclusion would promote the spread of neutralism in Europe, and the possibility was the senior French official's main concern.

What can be done about the growing gap of perceptions? The official sighed. "We just have to keep talking, exchanging information, explaining our positions until we reach common ground," he said. "I don't know anymore. Summits up his hands. We've added to the confusion. Maybe Shultz. But it will really get through to the White House."

The trouble is not, as Jean Kirkpatrick charged, that U.S. diplomats are amateurish. The trouble is that policy-makers disregard them. When the White House doesn't hear, there's no one to talk to in Washington no matter how crowded the government.

The New York Times.

Flat-Rate Income Tax Would Cheer the Rich

By Russell B. Long

WASHINGTON — Many persons have asked what I think of proposals to replace our progressive rate income tax system with a so-called flat-rate income tax. My answer to them is simple: "If you're rich you'll love it; if you're not rich, look out!"

A pure flat-rate income tax would eliminate all deductions and tax everyone at a single rate. For example, with a flat rate of 10 percent, a \$20,000-a-year worker would pay \$2,000 in federal income taxes, while a person with a \$200,000-a-year income would pay \$20,000. Our "progressive" system permits deductions and taxes individuals at rates ranging from 12 to 50 percent, depending on income.

This system is based on the principle that those with large incomes should pay a higher percentage than those with low incomes.

Advocates of a flat-rate tax have correctly argued that our present sys-

tem is complicated and in need of simplification. The question is whether it is justifiable to shift the tax burden from the rich to the middle- and low-income taxpayers in the name of simplicity.

In my view, simplification of the tax system and flat rates are completely separate issues. If it is desirable to close loopholes in order to reduce tax rates, that can be done without the massive shift in tax burden involved in a flat-rate tax. I am concerned that some proponents of flat-rate as a system are using simplification as a convenient slogan to justify big tax cuts for the rich at the expense of middle- and lower-income taxpayers.

Much of the support for a flat-rate tax is inspired by the belief that "fat cats" use loopholes to avoid paying their fair share of taxes under the present system. But what constitutes a loophole is in the eye of the beholder. I doubt that many middle-income homeowners consider their home mortgage interest deductions a "loophole." But how do the millions of taxpayers who do not own their homes view this deduction?

Other deductions—or loopholes—that would be eliminated by a flat-rate tax include charitable and church donations, consumer installment interest, state and local taxes, union dues, medical bills, moving expenses, alimony and educational expenses.

Employer-paid fringe benefits, such as health and life insurance, pension contributions, subsidized parking and educational expenses, would be subject to full taxation. Also subject to immediate taxation would be the gain a homeowner makes when he sells his home. At present, homeowners are permitted to defer tax payment on the sale of their homes if they purchase one of equal or higher value within a certain period.

Congress Joint Committee on Taxation recently reported how an 11.8 percent flat-rate tax on adjusted gross income would affect taxpayers. Using adjusted gross income figures for 1984, the committee found that the amount of taxes paid by persons with incomes below \$30,000 would increase by percentages ranging from 12.8 to an astronomical 1,259. However, for those earning more than \$30,000 a year would decrease by amounts ranging from 5 percent to 53.2 percent.

Studies on flat-rate taxes, the Congressional Research Service found that under present law, taxpayers with adjusted gross incomes below \$30,000 a year pay 41 percent of the total of federal income taxes raised from individuals. However, if a flat-rate tax of 15.5 percent were imposed, that same group of moderate- and low-income taxpayers would end up paying 58.2 percent of all individual federal income taxes.

Sponsors of some of the flat-rate bills attempt to remedy the built-in inequities of this type of system by allowing some deductions, by increasing the personal exemption allowance, by exempting low-income persons from all taxes and by imposing several—rather than a single—tax rates. All that most of these modifications do is reduce the degree of unfairness in an inherently unfair system. But that once one type of deduction in flat-rate tax system is allowed, Congress would be unable to resist the pressure for numerous other deductions.

Justice and fairness require that those who make large amounts of money should pay a higher rate of tax on income than middle- and low-income families. It seems totally unfair to have a person earning \$15,000 a year paying the same rate as someone making \$1 million.

I strongly support reducing taxes and simplifying our income tax system, and have worked to do so for many years. Our efforts toward simplification made it possible last year for 40.7 percent of the taxpayers to file their income taxes on the so-called short form, which usually can be completed in less than an hour. Another sign of progress in our efforts at tax simplification is the fact that 79 percent of taxpayers in 1980 chose not to itemize their deductions. Further work toward simplification is needed.

I am not arguing that the concept of a flat-rate income tax should be ignored. In fact, I favor giving this idea a thorough study, as the Senate Finance Committee is scheduled to do this year.

Perhaps a way can be found to structure a flat-rate income tax system that will be fair to all. But such a system is found, the flat-rate income tax will not have my support.

The writer, Democratic senator from Louisiana and ranking member of the Finance Committee, contributed this view to The Washington Post.



Why Hitachi Thought IBM Was Up for Grabs

By Robert J. Sammelson

WASHINGTON — Sooner or later, something like the IBM-Hitachi affair was bound to happen. The ingredients have long existed: The Japanese have a voracious appetite for industrial intelligence; the American electronics industry leaks information by the barrel. The two were fated to combine into an explosive case of industrial espionage.

Many Americans will no doubt draw the most emotionally satisfying (but mistaken) moral from this episode: that the Japanese succeed only by stealing. The real lesson is more ambiguous. What gave the Japanese their opportunity are the very characteristics that make American industry formidable: fierce competitiveness and openness.

Nowhere is the paradox more apparent than in electronics. It is one of the 1980's growth industries. Worldwide sales of semi-conductor chips have doubled since 1978 to \$14 billion in 1981. With chip prices falling, the volume increase is even greater. Declining prices make it possible to apply electronics to more and more jobs.

Consider the personal computer. Three years ago, the phrase reeked of contradiction: Could a computer possibly be personal? In 1982, International Data Corp. estimates, U.S. sales may top 600,000, worth \$3.6 billion—a large share by new firms. Apple Computer is the classic story of a company that went from nowhere to more than \$500 million in a few years.

But Apple Computer also captures the industry's basic chaos. New technology hurries ahead and swirls about for almost anyone to catch. Engineers and executives are constantly changing companies or starting them. Reverse engineering (taking the other guy's gadget apart to see how it works) is rampant. Scientific papers are available for the asking.

With technology so accessible, the marvel is that the high-tech firms have—with a few exceptions—succeeded Japanese imports. It is not that the Japanese are uninterested. Their success in the market for one mass-

What's the Use Anyway?

By William F. Buckley

NEW YORK — In conversation with an executive of IBM the other day I said that I hoped before I died that someone—anyone—would devote a page of advertising now given over to home computers—explaining exactly how a computer can be useful—in the home.

I know of one use to which I would fervently wish to put a home computer, but years to know of others, since it is difficult to believe that \$1.5 billion is being spent idly by U.S. citizens. I'd like one that would hold the contents of a large dictionary, so that I could type out the word "otiose" and be reminded of what it meant.

I said he reminded of what it meant because an aphasia hit me when I was 16. At that time, a teacher told his class that most people have two or three words whose meaning they are forever forgetting, and he gave as his example the word otiose. I swooped upon a dictionary a half-hour later and learned what it meant. Since then I have probably looked the word up 30 times.

Mr. William Draper, the president of the Import-Export Bank and an investor in small computers, told me once: "Software is everything. There are no remaining problems of hardware." It took awhile before I understood that, which however I am now prepared to explain. What he meant was that the machine exists into which you can program the whole dictionary, or for that matter the encyclopedia. But somebody has got to pay for the time of the person who types out the 400,000 odd entries in Webster's Third into the software, which you then use with the machine.

I asked the IBM gentleman: How many Americans are buying home computers primarily because they can play TV games on them? He confessed that this was probably true of the majority. I then asked whether the computers that were priced for more than would be reasonable if their sole purpose was to play TV games were selling. He said indeed they were. I asked: What are people using them for? He didn't know.

Why doesn't somebody say? Some gadgets we know instinctively how to put to use: radios, say, or blenders. But a \$1,000 computer? The Pulitzer Prize belongs to the man who reveals what they're good for. I mean, what they're good for that the average newspaper reader wants to know.

Universal Press Syndicate.

produced chip (the 64K RAM) demonstrated their capabilities.

The secret of American electronics firms, though, lies not only in technical competence but also in diversity. The industries that have fared the worst against the Japanese consist of big, sluggish and arrogant firms. Steel and autos head the list; manufacturers of electronic goods (television, radios) are out far behind.

The pattern has, with variations, been repeated elsewhere. Japanese firms have been quicker to produce different or better products on the basis of existing technology: smaller, more reliable televisions, smaller cars,

smaller motorcycles. U.S. firms reacted slowly and were often unwilling to cut prices to protect their markets.

The electronics industry has so far avoided these failures. Fascinated with the technology and eager to get rich, young engineers and executives have instinctively created companies and markets. International Business Machines was late into personal computers. The small companies may have suffered reverses—as in the 64K RAM market—they have cut prices to regain sales.

But this frenzy (where bankruptcy always threatens) has dulled the normal corporate niceties. Suppose three

ing that has successfully blurred the edges of domestic and foreign policy is now becoming much more complicated and maybe, some would say, impossible. The build-up of political tension in Mexico's southern neighbor, Guatemala, has noticeably cooled Mexico's espousal of the cause of the economic and social underdog.

Moreover, Mexico's own land problems are severe and potentially inflammable. Its oil wealth rather than helping it build a more independent economy, has pushed it unwillingly towards both a closer economic and political relationship with the United States. Moreover, its attempt, under President José López Portillo, to liberalize the political system and allow a modest challenge to be counted against the PRI. In the recent election, coming as it does in a time of economic recession and popular frustration, has whetted appetites for greater expression of political thought. But the time-honored way of buying off discontent at home by leftward turns abroad is not quite so easy, given the constraints now confining foreign policy.

Added to this is a long list of other problems—a country with one of the worst income distributions in the world, an exodus from land to city, an oil policy that has been grossly mismanaged and now is difficult to repair, a debt that this year has become the largest in the world.

Mexico has carefully constructed by hard work and clever politics, an image for itself of success and stability that has stood out well in the last half-century of turbulent Latin politics. The newly elected president, Miguel de la Madrid Hurtado, will likely find, however, that the image no longer corresponds with the glare of reality.

International Herald Tribune.

The Rules Are Changing for Stable Mexico

By Jonathan Power

MEXICO CITY — The recent Mexican election, contrived and preordained though it was, has proved once again how remarkably stable the Mexican political system is, though at the same time it raises questions as to whether the era of post-revolutionary compromise can last.

Since 1934, every president has achieved power by constitutional means, served his six years and handed power over to the chosen successor of the governing party, the Institutional Revolutionary Party. For a country whose political system was born from one of the century's bloodiest revolutions, this is a telling achievement.

There have been in half a century no coups, no revolutions, no assassinations of chief executives, and no invasions. In short, there have been fewer political upheavals than in many countries in Western Europe and certainly far fewer than in the rest of the Third World.

Mexico is also a country with a history of economic progress. Real gross domestic product increased by 2.3 times between 1935 and 1965 and by 17 percent from 1970 to 1979. Over the last three decades, Mexico has sustained the highest growth in farm output in Latin America. Until recently agricultural production outstripped Mexico's high population growth. Life expectancy grew by 10 years from 50 to 55 years in the early 1950s to 65 years today.

Politically, too, the country's leaders have been adept at finding a point of balance that allows Mexico to maintain a fundamental, strategic harmony with the United States whilst challenging the United States on a number of particular issues, — most recently in Central America — thus co-opting the country's own left.

Prof. Jorge Domínguez of the Center for International Affairs at Harvard University in Boston argues that there is an unwritten bargain between Mexico and the United States that evolved following the seizure of foreign-owned oil companies in 1938. Before then relations had often been hostile. The United States sought Mexican territory in the 19th century and, early this century, it intervened regularly to protect U.S.-based firms, to "advance democracy" or to "punish the wicked."

The oil companies seizure was a watershed. Mexico agreed to pay some compensation and the United States in turn agreed to swallow its pride and respect Mexico's economic sovereignty. As the relationship has evolved, it has become both fuller and more complicated. Most important perhaps, Mexico has virtually disarmed unilaterally. Like Cuba or Nicaragua, it has not sought to protect itself against the United States.

It has acted on the assumption that it protects the United States in all major strategic matters and will not ally itself with U.S. enemies. At the same time, like Canada it has sought to be independent of the United States on both regional and Third World affairs. It defied the collective sanctions imposed on Cuba by the Organization of American States, and more recently has sought to support the Sandinistas in Nicaragua and has pushed for political recognition of the guerrilla-supported opposition in El Salvador.

It is a truism to say that Mexico is at a major turning point. There is hardly any observer within or without Mexico who would dispute it. The judg-

هكذا من الناحية

Donovan Displays His Political Assets

By Hedrick Smith
New York Times Service

WASHINGTON — With a broad smile, Secretary of Labor Raymond J. Donovan seems to relish disclosing that the General Pulaski Memorial Committee of New York has asked him to be their man of the year and that the New York City sanitation workers union wants him at the head of the Pulaski Day parade in October.

For a man who has endured widespread calls from Congress and organized labor for his resignation and whose political fate has been touch-and-go for months, he sits in the high-backed chair behind his huge desk and says, "I like sitting here and I'm going to be sitting here for another six and a half years."

In a confident mood following an endorsement from President Reagan and a finding June 28 by a special prosecutor that there was no evidence to justify charging him with criminal activities, Mr. Donovan insists that he has become "a political asset not a liability" to the president and the Republican Party.

To back up that claim, he cites letters and telegrams from mostly conservative politicians and a smattering of labor leaders and a surge of support from Italian, Polish, Ukrainian, Irish and other minority groups who seem to identify with what he calls his six-month "trial by press."

"These people identify with me because I'm one of them," the former construction company executive said in an interview. "My natural political constituency is among blue collar people and ethnic groups."

Although still smarting from more than six months of criticism, press reports and a year and a half of chilly relations with Lane Kirkland, president of the AFL-CIO, and other top labor leaders, Mr. Donovan said he would make "a special effort" to reach out to the labor officials.

He will seek to find some "common areas of agreement," particularly in dealing with problems of workers displaced by new technology and foreign competition, he said.

Mr. Donovan also spoke of re-examining the question of extending unemployment benefits from 39 weeks to 52 weeks and of reshaping the Labor Department's monitoring of safety in American factories.

He also raised the possibility of using \$1 billion or more of highway trust fund money to create public works jobs involving the repair or replacement of highway bridges. And he talked of promoting more cooperation in labor-management relations.

He went on to discuss politics and the difficulties that face him in building relations with political opponents and critics who have dogged him from the day he took office.

For the moment, he draws spe-

cial comfort from the public response to what he calls his "total exoneration by 26 fellow citizens" of the special grand jury and the favorable report by the special prosecutor, Leon Silverman.

"Maybe we can use this situation as a new launching pad," he said. "I know full well there are grave policy differences with some politicians and labor leaders here. But I will reach out to Lane Kirkland and the others to try to find areas of agreement."

But with the fall political campaign approaching and partisan feelings on the rise, that will not be easy, especially for a man with little political background in Washington and a strong philosophical commitment to the Reagan administration's goal of cutting the federal government.

Mr. Donovan insisted that his department had already achieved much. He cited a reduction of almost \$14 billion in spending on Labor Department programs in the 1982 and 1983 budgets and a 20 percent cut in personnel.

"One big accomplishment in his eyes has been the reduction in the size of the public service jobs pro-



Raymond J. Donovan

gram and the revamping of federal job training efforts in ways that he said would ensure that 70 cents of every federal dollar, rather than an estimated 18 cents before the reforms, will go to actual training.

He also said that changes in de-

partment regulations have provided savings to private industry of more than \$2 billion a year.

His programs have gone strongly against the desires of the labor leaders who traditionally regard the secretary of labor as their benefactor. His plan to re-examine such issues as extending unemployment benefits and the bridge reconstruction program, however, may be welcomed by labor.

Mr. Donovan still hopes to find common ground with labor leaders on the issue of retraining displaced workers. In keeping with his free-enterprise philosophy, he believes the biggest share of the effort must be made by the private sector.

He said the main role of the approach will be to provide information on where new job opportunities will develop.

Mr. Donovan also said he will stress the need for peace in labor-management relations. "It's a recognition by both management and labor that they have a social contract, and it's the way we need to go — toward more cooperative and less confrontational relations between management and labor in this country."

In Blaze of Publicity, Lawmakers Introduce ERA Again in Congress

By Lynn Rosellini
New York Times Service

WASHINGTON — With a flurry of news releases, more than 200 senators and representatives reintroduced the Equal Rights Amendment in Congress and then mugged for cameras behind a green-and-white ERA banner on the Capitol steps.

Some of the biggest stars of the Democratic Party, as well as a sizeable contingent of Republicans, took turns addressing a crowd of several hundred spectators during the well-orchestrated kickoff Wednesday. And if anyone was skeptical about the task of starting all over again — 14 days after the ratification deadline expired — nobody let on.

"I know that success is out there," boomed House Speaker Thomas P. O'Neill Jr., Democrat of Massachusetts.

"The temporary defeat of ERA is a national disgrace," said Sen. Edward M. Kennedy, another Democrat from Massachusetts.

"If you look at the history of the advocacy of civil liberties, it is never far off, but it is always sure," said Sen. Bob Packwood, Republican of Oregon.

A bipartisan group of 51 senators and 201 representatives cosponsored the measure, and most of them showed up at the rally. But although the subject of the rally was equal rights for women, it also had a lot to do with politics. Recent national opinion polls

show that a majority of Americans continues to support the ERA, which was rejected by the Republican Party at its 1980 convention. At the same time, President Reagan, an opponent of the proposed amendment, has slipped dramatically in his poll ratings among women. Some Republican leaders fear that Mr. Reagan's problems with women will hurt Republican congressional candidates in November.

"If we are going to write off 90 percent of minorities and 50 percent of women, our party is going to go out of existence," Sen. Packwood, who heads the Senate Republican Campaign Committee, said in an interview. "It's the worst mistake the party has made morally and politically since its founding."

He predicted that the effect of women's issues will be felt less in

statewide Senate races than in the more limited House races, where women's political groups can mobilize their forces more effectively. "We will lose five or six more seats than we thought we would, just on those issues," said Sen. Packwood, who forecasts an overall loss of 15 to 25 Republican House seats. "And maybe the Republicans will get the message," he added.

The prospect of using women's issues to their advantage has Democrats fairly rubbing their hands with glee. "With the exception of the nomination of Sandra Day O'Connor," an aide to Rep. O'Neill said, referring to the newest Supreme Court justice, "I don't see any successful Republican initiative on women."

The aide predicted that Democrats will cash in on such matters as the administration's alleged insensitivity on social issues.

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Nome Is Still a Glittering Frontier For Eskimos and the Gold-Hungry

By Wallace Turner
New York Times Service

NOME, Alaska — So much else has changed here since 1898, when three Swedish prospectors made their discovery on Anvil Creek, yet gold still pulls people from comfortable places thousands of miles away to live on the bleak shore of the Bering Sea.

Counting the alleys, Nome runs nine streets deep from the beach sand where the 30,000 miners pitched their tents in those earlier times, when Wyatt Earp was marshal and Tex Rickard ran the Northern Saloon. Fewer than 3,000 people live in Nome now.

It is a city of dust in dry weather and mud or ice in wet weather, of temperatures that can sag to minus 40 degrees Fahrenheit in winter. Spring melts graceful snowmounds to reveal piles of rusting metal. The spring breakup opens the sea and the fishing streams. And around June 1 the mining season reopens for the 174 employees of the Alaska Gold Co.

Exotic Place

With about 60 percent of its population Eskimo and with Eskimos elected as members of the City Council and the school board, Nome is an exotic place. Tom Abrams, formerly of Missoula, Mont., runs a meat market selling some of the same things available in Missoula, plus these items:

Muk-tuk, whale blubber with a strip of skin attached, \$7.98 a pound for bowhead, \$3.89 for beluga; reindeer liver, \$2.59 a pound; coo-rak, bearded seal, \$7.40 a pound; and seal oil, \$9.97 a quart.

The buyers are Eskimos, a few whites and some of the 29 Vietnamese who have moved to Nome since 1975. Other food costs twice what it does in Seattle.

The early miners took more than \$2 million in gold out of the beach sand, not enough to cover the annual payroll today for the Alaska Gold Co. Gold in those days brought about \$15 an ounce, compared with more than \$500 today. Payroll and gold recovery weight are the company's secrets.

College Students

Prehistoric beaches lie 100 feet below concrete-like permafrost that must be thawed before dredges can sift the gold washed out of mountains and left in the sands. Water forced through pipes does the trick.

Some of the lowest-paying jobs are held by college students, who may gross \$9,000 for one summer. Eskimos, Indians, Vietnamese and local whites also work for the company.

"A lot of the college students live in our camp at \$15 a day for board and room," said Denis Campion, the company's manager. "The most money-hungry ones live in tents on the beach."

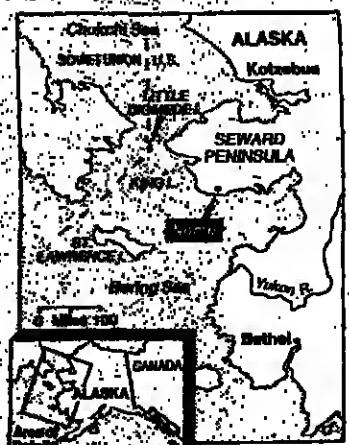
Nome is the regional hub for about 7,000 people, most of them Eskimos, in 15 villages on the Seward Peninsula, Little Diomed Island and St. Lawrence Island.

"This has become the melting pot of villages," said the Rev. Jim Poole, the founder and disc jockey of station KNOM. Rival KICY is run by the Covenant Church mission.

Satellite connections tie the local telephone and television cable systems to the outside. Two weekly



Denis Campion, manager of the Alaska Gold Co. in Nome.



newspapers, The Nome Nugget, 82 years old, and The Bering Strait, five years old, fight for survival. Father Poole, a Jesuit priest, also runs St. Joseph's Rectory, which has about 550 members.

Moravians, Friends
"This was not Catholic country," Father Poole said, referring to the days when Roman Catholics ran Kuskokwim River missions. Moravians established the village of Bethel and the Society of Friends converted the Eskimos around Kotzebue.

"Most of our members are King Island Eskimos who moved into Nome to get their children closer to school," the priest added.

To about 7,000 Eskimos, the Bering Straits Native Corp. and Kawerak Inc. are the most important business operations around Nome. The Eskimos own the two companies as their shares of the Alaska Native Claims Settlement Act of 1971.

Sour business deals wasted most of the \$39.5 million that was paid

to the Bering Straits company. Kawerak, the social service, nonprofit side of the operation, recently emerged from bankruptcy.

Worst Days Are Past

Charles H. Johnson, president of the Bering Straits Native Corp., is convinced that the worst days are past. "Every business investment we had was losing money but one, and we sold it and closed the others," he said. The investments ranged from trailer sales to a barge line.

Mr. Johnson, a 42-year-old business graduate of the University of Oregon, said that oil, gold, tin and tungsten held potential for development on the natives' 2.4 million acres.

"But the economy seems to be breaking the wrong way for us," he went on. "Here we are, ready to go into leasing for minerals exploration, and mining is flat on its face." Mr. Johnson came back to Nome in 1976 to try to rescue Kawerak.

"We decided to fight it through and show people what we could do," he said. "We did it in three years." The key to getting out of bankruptcy was recovering \$250,000 that the state owed Kawerak, he said.

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Indonesian Finds Hope In Hanoi's Offer of Cambodia Withdrawal

By Colin Campbell
New York Times Service

JAKARTA — Vietnam's offer to withdraw some troops from Cambodia was not simply propaganda and some Western diplomats "are right to be skeptical" about a recently formed coalition of anti-Vietnamese Cambodian leaders, according to Indonesia's foreign minister.

The foreign minister, Mochtar Kusumaatmadja, added in an interview Wednesday that Hanoi has valid reasons for fearing China. He insisted, however, that Vietnam's invasion of Cambodia had "shattered" the region's hopes of living peacefully with its powerful Communist neighbor.

Mr. Mochtar also pledged that Indonesia would stand by the Association of Southeast Asian Nations in urging Hanoi to deal more forthrightly with the Cambodian matter.

The Indonesian official's guarded sympathy for Vietnam pointed to a continuing divergence of perspective among ASEAN's five member nations. The other members are Malaysia, the Philippines, Singapore and Thailand. Indonesia, with a population recently estimated at 154 million, is by far the largest of the group.

Mr. Mochtar echoed comments by several of his ASEAN colleagues in saying the Vietnamese proposal failed to meet their objections. He made plain, however, that he did not agree with ASEAN's dismissal of the proposal as "propaganda" or with the

Thai government's statement that the withdrawal offer was a trick. The foreign minister said Vietnam's statement last week should be viewed not as "a proposal as such" but rather as "a symptom, in a context" that indicated that the Vietnamese were changing their attitude.

He said the Indonesian government believed the Vietnamese had between 150,000 and 180,000 soldiers in Cambodia.

The foreign ministers of Vietnam, Laos and Vietnamese-controlled Cambodia announced last week from Ho Chi Minh City that a "significant" number of Vietnamese troops would be withdrawn if Thailand ended its aid to the anti-Vietnamese insurgents.

Mr. Mochtar said he would "question the judgment" of Western diplomats if some had not doubted the new coalition's authenticity, "but it is a thing worth trying" — not that we have much choice.

The three leaders of the new Cambodian coalition reportedly met inside Cambodia last week to set up a government. They had announced their intention to do so on June 22 in Kuala Lumpur, Malaysia.

The two non-Communist members of the coalition — Prince Norodom Sihanouk, a former Cambodian head of state, and Son Sann, a former premier — had put aside their animosity for the third member, Khieu Samphan, the leader of the Khmer Rouge, to create the coalition.



COURT APPEARANCE — Chang Yong Ja, wife of Lee Chul Hee, a former deputy director of the Korean Central Intelligence Agency, was led to criminal court in Seoul Wednesday. She is facing charges of bribery and, with her husband, of defrauding South Korean firms of nearly \$1 billion in a set of loan and commercial paper transactions.

Volcanic Ash Prompts Ban On Airliners

Cloud Over Indonesia Had Crippled 2 Planes

JAKARTA — Indonesia has told the world's airline pilots not to fly over West Java, where ash from an erupting volcano has crippled two jumbo jets in less than a month.

And in Seattle, a Boeing Co. spokesman said that such clouds should be monitored so that planes can be directed around them.

A spokesman for the Indonesian communications minister, Rusmin Nurjadin, said that flight controllers at major world airports had been told that the West Java ban would apply until further notice.

On Tuesday night, the engines of a Singapore Airlines Boeing 747 became clogged with debris thrown out by Mount Gelung, southeast of Jakarta. The airliner made an emergency landing at Jakarta with only two of its four engines working.

On June 24, a British Airways plane lost power in all four of its engines while flying over the volcano and plunged 24,000 feet (7,500 meters) before the pilot was able to restart three engines. It also made an emergency landing at Jakarta.

In Seattle, a Boeing spokesman, Gordon Williams, said the fine, floating ash from volcanoes adheres to the compressor blades of the jets and stifles the valves, eventually crippling the engines.

The clouds, another of which was produced in 1980 by Mount St. Helens in Washington state, should be tracked so that jets can be guided around them, he said.

He said the dust also sends blasts of ash into the windshields so severely that visibility is almost eliminated.

Mount Galunggung's latest eruption occurred four hours before the Singapore Airlines jet passed over. The volcano has erupted about a dozen times since April 5, forcing more than 30,000 people to flee.

Wounded Israeli Envoy Improving in London

LONDON — Ambassador Shimon Argov of Israel, who was shot six weeks ago outside a London hotel, has been taken off a life-support machine and is able to speak. Three Arabs are awaiting trial on charges of attempted murder. Mr. Argov, 55, was shot as he left a diplomatic dinner June 3 at the Dorchester Hotel. Three days later the Israelis invaded Lebanon.

China Reportedly Puts New Curbs On Study Abroad, Foreign Contacts

By Victoria Graham
The Associated Press

PEKING — China has imposed new restrictions on study abroad and is clamping down on Chinese having unauthorized contacts with foreigners, according to Western diplomatic sources.

Under a new rule that became effective in April, the children of Chinese leaders may no longer study overseas, the sources said Wednesday. They also said an unknown number of Chinese have been detained by police for questioning about unauthorized contacts with foreigners.

The issues of foreign contacts, Western influence and overseas study have become sensitive domestic political topics, said the sources, who asked not to be named.

They said the measures probably reflect preparations for the 12th Chinese Communist Party congress scheduled for late September or October.

The children of many top Chinese leaders are studying in the United States and Western Eu-

rope; the new restrictions are believed to be aimed at saving off any hints at the party congress that high-ranking officials may be subject to Western influence.

The son of China's top leader, Deng Xiaoping, is studying at the University of Rochester in New York state and the son of the foreign minister, Huang Hua, has studied at Harvard.

China has more than 10,000 students in Western countries and Japan. The new restrictions would not affect students already abroad, the sources said.

Details of the new regulations are not known, but it is believed that children of deputy ministers and higher-ranking officials may not study abroad unless an exception is made.

The restrictions have created considerable resentment, diplomatic observers said, because many Chinese believe they were imposed after the highest-ranking officials had already sent their children abroad.

According to another new regulation, privately sponsored students may not go overseas immediately. These students will have to spend at least one year working in

China after graduation from Chinese schools before going overseas.

This is apparently intended to limit the number of students overseas and to give them proper ideological training before they go abroad to face what Chinese media call the "sugar-coated bullets" of the West.

A Communist Party publication warned recently that "foreign reactionaries" are trying to corrupt Chinese who visit and study abroad, especially the children of high-ranking officials.

"The influence of decadent capitalist ideology on certain people in our party, the poisoning of people's thinking and pollution of social customs are greater and more serious than at any previous time," said the article in *Digest*, a journal published by the People's Daily newspaper. It said hostile elements are trying to use academic exchanges to strengthen their influence in China.

Lisa Wichter, an American teacher and researcher in China, was deported early last month on charges of possessing top-secret documents. Some of her Chinese acquaintances were detained for questioning by police, sources in the diplomatic community say.

Cabinet Aide, Generals Die in Pretoria Crash

Compiled by Our Staff From Dispatches

PRETORIA — Thirteen persons, including Treasury Secretary Koen R. Pretorius and two air force generals, were killed when two light planes collided in flight 10 miles (16 kilometers) west of here, officials said Thursday.

Defense Minister Magnus Malan ordered an inquiry. A military spokesman said there were no survivors. Investigators were looking into the possibility that a civilian plane strayed into restricted military airspace.

The military spokesman said the air force Martin turboprop plane carrying the government officials was returning from the territory of South-West Africa (Namibia) and was on its final approach to Waterkloof Air Force Base when it collided Wednesday night with a civilian twin-engine Piper Navajo.

Ball of Fire

A witness said the crash lit the twilight sky with a ball of red fire. Customers at a drive-in movie saw the collision, which occurred at an altitude of about 1,500 feet (500 meters). One witness, Andries van der Merwe, said the airplanes appeared to collide just above the movie screen.

The military spokesman said that, in addition to Mr. Pretorius,

the accident killed, Maj. Gen. D.J. van Niekerk, 53, director of air logistical support; Maj. Gen. J.M. Crafford, 48, deputy air force chief for finance; and 10 others.

"The sky lit up and the boom echoed," said another witness, Danie du Plessis. The wreckage was scattered over a rocky hill between two suburbs, about 100 yards from the nearest house. Fire delayed the search for bodies.

Identities Lacking In Moscow Crash

United Press International

MOSCOW — An Aeroflot Il-62 jetliner that crashed minutes after takeoff here burned so completely that only one of an estimated 90 victims could be identified, diplomats said Thursday.

Aboard the plane when it crashed on July 6 were five West Germans, two Austrians, an Irish citizen, 21 from Sierra Leone, two Senegalese, one citizen of Cape Verde and an undisclosed number of Soviet citizens.

In a second Aeroflot disaster, Leningrad newspapers mentioned briefly the crash of a jetliner the same day en route to Kiev. It apparently carried no foreigners.

Jackie Jensen, American Sports Star, Dies at 55

Los Angeles Times Service

LOS ANGELES — Jackie Jensen, 55, one of the United States' most famous athletes in the period after World War II, died Wednesday, apparently of a heart attack at his home in Scottsdale, Va.

Mr. Jensen was a star in two sports. He was an All-American football player at the University of California at Berkeley in 1948 and was also the American League's most valuable baseball player in 1958.

He was one of the rare athletes to appear in a Rose Bowl football game, an All-Star baseball game and a World Series. But his life after sports was largely one of business and personal disappointment. He had three marriages and lost several jobs before settling down to growing Christmas trees and running a summer baseball camp.

John Alexander

NEW YORK (NYT) — John Alexander, 85, a stage and screen actor, died Tuesday. Mr. Alexander is probably best remembered for his role as the lunatic brother of two murderous spinsters in "Arsenic and Old Lace." He portrayed Teddy Roosevelt, who thinks he is Teddy Roosevelt. Mr. Alexander played the part on Broadway and in the movie version in 1944.

Somali Rebels Claim to Open 2 New Fronts

Reuters

NAIROBI — Somali rebels, insisting they were acting without foreign assistance, said Thursday they had opened two new fronts in a 14-day-old attack on Somali territory.

The rebel claim, in a telex message, came after President Daniel Arap Moi of Kenya, the current chairman of the Organization of African Unity, voiced deep concern about the conflict.

Mr. Moi said Wednesday he feared that the Horn of Africa could be plunged into its second war in four years unless Ethiopia and Somalia "desist from any acts that would aggravate tension." He directed his appeal Wednesday night to "the two sister states," although Ethiopia has firmly denied Somali charges that its troops or Eastern bloc forces are involved.

The Somali Democratic Salvation Front, which is fighting to

topple President Mohammed Siad Barre, said in its telex message, "There has not been any Ethiopian, or other foreign invasion or involvement in Somalia."

The statement conflicted with the assessment of Western diplomats in the Somali capital of Mogadishu, who say they have proof from neutral sources that the invading force of up to 9,000 men, with tank and air support, is composed of Ethiopian troops and a small rebel contingent.

The guerrilla organization also said that it had opened two new fronts in northwest Somalia in the Nugal and Togdheer regions and that the guerrillas were in a position to defeat the "fascist regime" of Mr. Siad Barre.

There has been no word on the fighting from Mogadishu since Wednesday, when the Somali Defense Ministry said it had killed 60 Ethiopian troops in fighting around the village of Ballanbale in

the central Mudug region north of Mogadishu.

The diplomats described the fighting as the most sustained along the common frontier since the two countries fought a full-scale but undeclared war over the Ogaden Desert region of southeast Ethiopia in 1977 and 1978.

But they said it appeared unlikely that the fighting would flare into another such war, despite the bitter enmity between pro-Western Somalia and its Socialist neighbor.

Earlier this year, Ethiopia threw almost half its 240,000-man army against Eritrean guerrillas seeking autonomy in northern Ethiopia, but diplomats said there was no sign of the Eritreans being dislodged from mountain strongholds.

The diplomats reasoned that until the Addis Ababa government either defeated the Eritreans or withdrew from the region, Ethiopia would be reluctant to

commit more troops to another costly war in the south.

The assessment of diplomats contacted by telephone in the region was that the Ethiopians had been stung by a series of attacks by the Somali-backed Western Somali Liberation Front, which is fighting for the independence of the Ogaden.

They thought the aim of the incursion was to teach a lesson to the Western Somali Liberation Front, which claimed to have killed 250 Ethiopian soldiers and to have captured 160 in an offensive in the area in recent weeks.

Somalia has accused Ethiopia of using Libyan, Cuban, East German and Southern Yemeni forces in the offensive, and the Western Somali Liberation Front says a 40,000-strong force is being massed along the border. But the diplomats said there was no evidence of any outside nation joining troops from Ethiopia.

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Loans to Ambrosiano Unit in Default

PARIS — Two syndicated bank credits to the Luxembourg affiliate of Banco Ambrosiano, whose Italian parent is in the hands of three commissioners appointed by the central bank, have been declared in default. Midland Bank declared a default Monday on a \$50-million loan for which it is agent; interest had not been paid on the loan.

Because of clauses allowing other loans to a company to be put into default if one is, National Westminster declared a default on a \$75-million loan for which it is the agent. The status of a third loan, for which Credit Suisse is the agent, could not be learned. Banco Ambrosiano Holdings of Luxembourg was placed under control of the Luxembourg commercial tribunal Wednesday. Its affairs are now frozen as court-appointed officials seek to determine by Sept. 30 whether to declare the company bankrupt.

Milan-based Ambrosiano owns a majority of the Luxembourg unit, but the Italian banking group attempting to rescue the parent bank has indicated no desire to get involved with the Luxembourg or Nassau subsidiaries.

Shell Oil Co. to Offer \$1 More for Oil

NEW YORK — Shell Oil Co. has cut the price it pays for all grades of U.S. oil by \$1 a barrel, the company said Thursday. Shell had raised its oil postings by the same amount June 28. Prices now range from \$29.70 to \$32.35 a barrel.

C. Itoh to Buy Control of Food Firm

OSAKA, Japan — C. Itoh & Co. said Thursday that it has agreed to acquire a majority stake in Matsushita Suzuki Co., a food and drink distribution company. At present, the largest shareholders in Matsushita Suzuki are Ajinomoto Co. and Asahi Breweries Ltd., each holding 18 percent. C. Itoh, a trading company, did not disclose the expected size of its stake. Matsushita Suzuki had sales of 182 billion yen (\$711 million) in its latest financial year.

Adam Opel to Upgrade Auto Plant

RUSSELSHEIM, West Germany — Adam Opel AG, a subsidiary of General Motors Corp., said Thursday that it plans to invest 1.25 billion Deutsche marks (\$500 million) over the next five years in improving its car plant in Bochum. The investment will be concentrated on highly automated machine tools and improvement of the paint shop, Opel said.

Xerox Creates Office Network Unit

STAMFORD, Conn. — Xerox Corp. announced Thursday that it is forming a division to develop and market office network systems. The company said the division, to be based in Palo Alto, Calif., will increase management focus on office networks. Such networks connect word processors, printers and other computer equipment.

Japan Motor Firms Reject Charges

TOKYO — Two Japanese outboard motor manufacturers denied Thursday that they have been dumping their products in Europe and Australia.

A spokesman for Tohatsu said his company had not exported at unfairly low prices. "Competition is simply too fierce in Japan," he said. "We can't afford to charge higher prices at home to make up any price cutting abroad."

Honda also denied the charge, made Wednesday by Outboard Marine Corp. of the United States, which alleged that Japanese makers have exported their motors at lower prices than those charged for similar products in Japan. The U.S. company has filed complaints in Australia and the European Economic Community.

American Motors Extends Price Cuts

SOUTHFIELD, Mich. — American Motors Corp. said Thursday that it will extend price cuts on 1982 Renault Le Car models through Sept. 21, the end of the current model year. The cuts were announced in May.

"Consumer response to our price cuts on Renault Le Car has been excellent," Joseph Capry, AMC vice president of marketing, said. "In June, Le Car sales more than doubled those of the previous June." The base list price of the three-door hatchback will remain \$4,795, which AMC says is the lowest base price on any car in the United States.

Mexican Eurobond Is Increased

LONDON — Mexico's planned Eurobond issue was increased to \$150 million from the original \$100 million, with a further \$25 million rise possible by the end of July, lead manager Merrill Lynch International said. The 15-year bond, redeemable by investors every three years, was given an 18 1/2 percent coupon and par price. This was a record coupon for a dollar Eurobond.

Compiled by Our Staff from Dispatches

Fed, Treasury Oppose Extending Credit Act

The Associated Press

WASHINGTON — The Federal Reserve Board and the Treasury Department voiced strong opposition Thursday to a proposal to revive a law that authorizes federal controls on credit as an anti-inflation measure.

Mr. Johnson, acting assistant Treasury secretary for economic policy, told the House Banking subcommittee on consumer affairs that "the administration strongly opposes the use of credit controls, or any controls for that matter."

Such controls are "cumbersome, counterproductive and do not achieve their intended objectives," Mr. Johnson said.

Preston Martin, vice chairman of the Federal Reserve, acknowledged that high interest rates have contributed to the weakness of the economy and the recent sharp rise in bankruptcies.

"However, we do not believe that credit controls are an effective, efficient or fair method to deal with these problems or those of inflation when the more general instruments of monetary and fiscal policy can be used," he said.

He said the Carter administration's use of credit controls in 1980

— the only time they were invoked under the Credit Control Act of 1969 — "amply demonstrated the difficulties" involved in such a step. The 1980 use of credit controls was intended to reduce inflation and interest rates.

Mr. Johnson told the panel, "Credit controls and the accompanying credit allocation would lower or measured interest rates for those selected to have access to credit, while shutting out those not favored."

He said there would be "considerable misallocation and waste" in using controls.

Under the 1969 act, which expired June 30, the president could authorize the Federal Reserve Board to regulate extensions of credit if he found such action "necessary or appropriate to prevent or control inflation generated by the extension of credit in an excessive volume."

Rep. Ferdinand St. Germain, a Rhode Island Democrat and the Banking Committee chairman, has introduced a bill that would repeal the law's expiration date, give the president additional authority to invoke the act and empower the Reserve Board to limit credit if authorized by the president.

Congress Studies Role Of Bank Regulators

By Jeff Gerth

New York Times Service

WASHINGTON — Congressional committees investigating the collapse of Penn Square Bank of Oklahoma City will focus on whether federal regulators failed to supervise the bank adequately, House aides say.

The inquiries also will deal with the larger question of whether changes in federal examination and supervision practices are hurting the government's ability to monitor financial institutions, the aides say. Top officials from the Comptroller of the Currency and the Federal Deposit Insurance Corporation were scheduled to testify in Congress Thursday and Friday about their actions and the future and about changes already enacted or planned in federal examination and supervision procedures.

Rep. Frank Annunzio, an Illinois Democrat who is a member of the House Banking, Finance and Urban Affairs Committee and chairman of the Subcommittee on Consumer Affairs and Coinage, said he was "more concerned about the supervision" of Penn Square by the comptroller than by the failure of the bank, which had \$450 million in deposits.

Federal regulators discovered "problems" within the Oklahoma bank during examinations in 1980 and 1981, according to congressional and industry sources. They said the regulators had decided against administrative sanctions

and relied instead on a "jawboning" session with the bank's board in 1981.

Rep. Annunzio also expressed concern that financial regulatory agencies "appear to be retreating in their standards of examination."

Earlier this year, officials in the comptroller's office announced plans for "streamlined administration and bank supervision," including the closing of some of the comptroller's regional offices, a 12-percent reduction in bank examiner positions and a "greatly" reduced presence by national bank examiners at banks having less than \$1 billion in assets, according to comptroller documents.

Comptroller officials contend publicly that the changes promote efficiency. Privately, however, some officials at the comptroller's office say that they are concerned that the cutbacks, which come when banks may be more prone to cut corners because of loan losses and the recession, weaken some of their most important regulatory tools.

Rep. Ferdinand St. Germain, Democrat of Rhode Island and chairman of the banking committee, said that this week's sessions were meant to be "an informal outlining of the Penn Square case" before full hearings next month. Those hearings are to explore problems at the bank that created the failure, supervision of the bank by federal regulators and the impact of the failure on other banks.

Nigerians Intend To Honor Quota On Oil Production

Reuters

LAGOS — Nigeria plans to stick to its oil output quota of 1.5 million barrels a day despite OPEC's failure to agree last weekend on a new production sharing plan, official sources here said Thursday.

They said that, as far as Nigeria is concerned, quotas are still in force. Nigerian will not exceed its quota unless there is definite evidence that other OPEC members are cheating by offering discounts to attract buyers, the sources said.

They said Nigeria will not cut its prices unless Saudi Arabia acts on hints it made last weekend in Vienna that it might reduce its prices to maintain sales. "If the Saudis cut their price, we would cut ours cent for cent," one source said.

The sources said Nigeria blamed Saudi Arabia for the failure of the meeting. The Saudis refused to reduce their output to allow for a rise in Iranian production. The quotas were imposed last March in an attempt to prevent a price drop.

Inflation Rate Stable In OECD Countries

Reuters

PARIS — Year on year inflation in the 24-member states of the Organization of Economic Cooperation and Development remained unchanged in May from April's 8.4 percent, it was announced Thursday.

Consumer prices rose 0.8 percent, the same rate as in the previous month, with the bulk of the increase accounted for by higher energy prices, especially in the U.S.

Volvo Gets Peruvian Order

Reuters

GOTHENBURG, Sweden — Volvo has received an order valued at 300 million kronor (\$49 million) to supply Peru with 400 buses, to be delivered in 1983, the company said Thursday.

"Net asset value on July 5, 1982, Pacific Selection Fund N.V. U.S.\$3.24 per U.S.\$1 unit. Pacific Selection Fund N.V."

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Major European Plastics Makers To Draw Up a List of Their Woes

Reuters

BRUSSELS — Major European petrochemical and plastics companies have agreed to make a diagnosis of their problems as a first step toward a possible coordinated restructuring of the loss-plagued industry, industry sources said Thursday.

But they said there were no immediate plans to form a "crisis cartel" to control production and oversee restructuring. West German and British companies have said they would oppose such a move and prefer to handle the problems individually.

Other petrochemical companies are understood to have wanted to study the possibility of setting up a system similar to the "crisis cartel" formed to control production of man-made fibers.

The decision to draw up a list of problems was agreed upon at a

meeting Wednesday night between executives from nine leading companies and top European Economic Community officials.

The companies are to provide the EEC Commission with a diagnosis of production and capacity in the thermoplastics sector, which has drained the profits of many large companies, the sources said.

The meeting was called by Solvay & Cie. of Belgium, which is pressing for strong joint measures to ease the industry's problems of overcapacity, low prices and reduced demand. Jacques Solvay, chairman of Solvay, told shareholders last month that recovery in the petrochemical industry could be achieved only through fundamental restructuring or joint action.

Some British and Italian companies have already announced private restructuring agreements with

other companies. For example, British Petroleum and Imperial Chemical Industries agreed last month to a swap of operations aimed at reducing overcapacity; BP exchanged polyvinyl chloride operations for ICI's polyethylene operations. Plants also have been closed down in other countries, notably West Germany.

European production of thermoplastics, used primarily in packaging, is estimated at 11.1 million metric tons a year, compared with a capacity of 16.7 million tons a year, the sources said. Thermoplastics include high and low-density polyethylenes, polystyrenes, polyvinyl chlorides and polypropylenes.

The EEC will now wait to examine the diagnoses and plans for future concerted action before considering further steps.



CONTRACTORS PREQUALIFICATIONS FOR DUBAI SLAUGHTERHOUSE

Dubai Municipality, United Arab Emirates plan to build a new slaughterhouse capable of handling 100 cattle and 4000 sheep per day.

International firms, specialized in the field of abattoir construction and the supply of slaughtering equipment and have executed at least two similar facilities in the last ten years, are invited to submit details of their organization and experience to prequalify to closed tendering for this project. Prequalification documents should be submitted in sealed envelopes clearly marked DUBAI SLAUGHTERHOUSE and addressed to:

The Director
Dubai Municipality
P.O. Box 67, Dubai (UAE)
Tlx: DB 45688 BALDYA

A duplicate of all prequalification documents should also be sent to DM consultant:

M/S. International Food Consulting
Hasenweg 5
D 5060 Bergisch Gladbach 1
W. Germany

The prequalification documents should indicate:

- Name of firm, address and year of establishment
- Cost, place, capacities of similar projects executed within the last ten years.
- Current staffing
- Management and maintenance experience, if any, for such projects
- Names of main suppliers
- Banker's address and telex
- Last date for submission is July 31, 1982

Director
Dubai Municipality

More Investors Trying To Make Zeros Add Up

(Continued from Page 9)

est rates go down, the dollar will as well." He said that because Eurozéros are purchased for a fraction of face value, "currency risk is greatly reduced. Zéros are a marvelous hedge in weak currencies."

The first Eurozero was issued in June, 1981, a \$75-million offering by PepsiCo. By December, there were four. Then, in January, the Japanese discovered that zéros were a tax-free investment — the proceeds are considered "capital gains," which Japan does not tax.

In a flurry, 16 Eurozéros were issued in January, and another 12 in February. PepsiCo came back twice more, and General Motors Acceptance Corp. raised the market three times, twice in one week. All but a few of the issuers are raised: triple-A, or double-A. Thirty-two of the 37 zéros issued have been by U.S. corporations.

The market in Japan for these low-risk, tax-free bonds seemed like a bottomless pit, and the Ministry of Finance was concerned about the exodus of yen. On March 3, the ministry handed down a "guideline" that effectively closed the zero market to Japanese, pending a review of the tax situation.

In short order, prices on Eurozéros fell by as much as two points. Then the U.S. Treasury altered its stance on the issuer's tax liability; now the greater liability comes at the beginning of the bond's life. This, coupled with the closing of Japan and a generally weak bond market, has cooled the primary market for zéros.

But the secondary market, after

a couple of months of strain and anguish with a nominal \$2.4 billion in bonds, has come alive.

A Salomon Brothers study illustrates zéros' volatility. Charting the average daily yield variation of Eurozéros versus U.S. government bonds of identical maturity, it found that zéros' yield varied one-third more. And against like-dated straight bonds, issued by high-grade U.S. corporations, Eurozéros' fluctuations were three times greater.

"Because prices of discount bonds fluctuate more in percentage terms than those of current-coupon bonds, given the same changes in yield, the volatile yield on Eurodollar zéros implies an even more volatile price performance," Salomon Brothers concluded. "This provides ample trading opportunities to active portfolio managers."

While traders are of differing opinions on the size and liquidity of the secondary market, there is no doubt that zéros are changing hands in great numbers.

"The movements in price show this," said Mr. Winfield of Hoare Govett. "In a very short time you can have them start at 24, then drop to 22 and then go back up to 25 or something. We're picking up on the difference in price."

Lawrence Vanhant of Kidder Peabody in London agreed: "When interest rates went up, these bonds came down quite a lot. They were quite attractive, and we did swap." He added that while the initial surge of interest was from the Japanese, the price drop after March 3 brought "a lot of re-

tail interest from Europe. As they are seasoned, there will be more and more interest from the United States."

Such investors as pensions funds, which do not have to worry about tax questions, are the most obvious buyers of zéros, but there are a number of reasons why they are appealing to individuals as well.

The Japanese Question

Virtually all governments, whether officially or not, have indicated they will tax the proceeds on zéros. The rates will vary from country to country, but anywhere they are taxed as something other than income, analysts say, the rate will be lower than the tax bracket of many high-income investors.

Even where zéros are to be taxed as income, such as in Britain, Mr. Winfield said: "If one takes a comparable gain from a straight, you pay on the coupon and on the reinvestment proceeds. With zéros you only pay once."

In Japan, the days of the free lunch have passed. What will take

their place is still open to conjecture. There is general agreement that the market is not shut for good. "Japan will come sooner rather than later with new regulations," said one London trader. "The current weakness of the yen is holding it up."

One Japanese trader, who asked not to be named, said: "The pressure is on the Ministry of Finance regarding the weak yen. It comes from the need for free access to the overseas market by Japanese and to the Japanese market by foreigners."

He said that when the ministry reopens the market, "they're certainly going to set a ceiling on the number that can be imported. They don't want a repetition of early this year."

The future, then, is unclear for zéros. But there is a certain amount of optimism. Ron Stewart, a managing director of Salomon Brothers in New York, said: "They are potentially top performers. There is not an unlimited supply of them, and the scarcity will affect their yield."

Eurocurrency Interest Rates

July 15

1M	3M	6M	9M	12M	1Y	2Y	3Y	4Y	5Y	10Y	15Y	20Y	25Y	30Y
1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44
1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44	1.44

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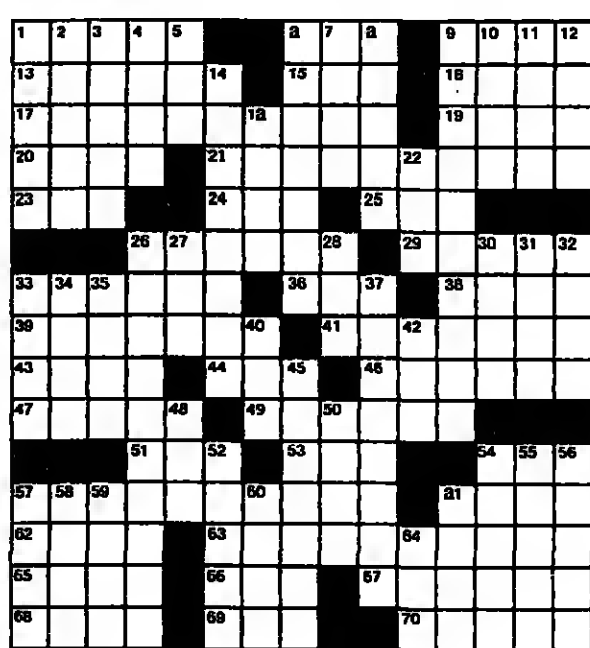
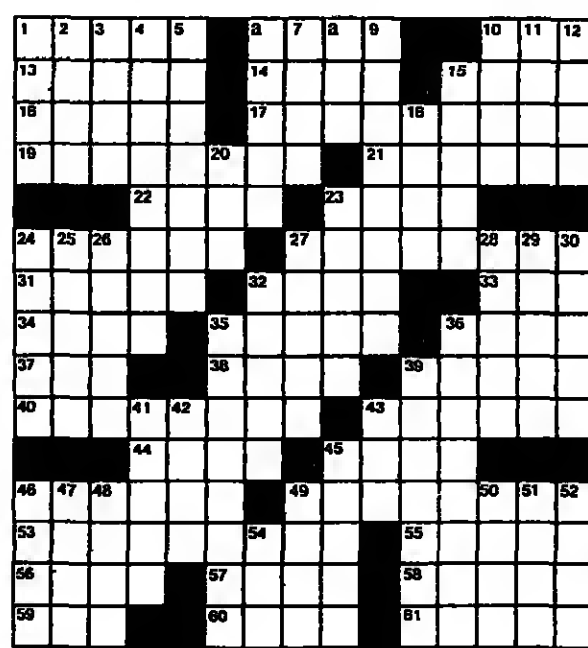
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Question:
Four letters meaning two-for-one

(See bottom of the page for answer)



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FRANCO BRITANNIC

Papua Mine Faces Awesome Natural Barriers

Papua Mine Faces Awesome Natural Barriers

By Barry Moody

Reuters

TABUBI, Papua New Guinea — At Ok Tedi, in the cloud-shrouded Star Mountains, one of the most remote areas on earth, thousands of workers are struggling to build a mine that will cut away a mountain of gold and copper.

But the project, here in the extreme west of Papua New Guinea, faces enormous natural obstacles.

The area is so remote that its inhabitants were unknown to the outside world until 1963. Little more than a decade ago they were still eating human flesh.

The greatest problem is the weather. The Star Mountains are one of the world's wettest regions. The mine site is drenched by around 11 metres (36 feet) of rain a year.

The project will cost at least 1 billion kina (\$1.4 million) to develop, while 560 million kina of this will be spent before the mine earns a cent.

The prize is Mount Fubilan, a 2,000-metre (6,500-foot) mountain of copper with a crown of gold, containing an estimated 410 million metric tons of economically mineable ore.

Its value will depend on world price fluctuations but one estimate is that it will be worth \$10 billion.

Mining of gold is due to begin in two years and a decision, based on world copper prices, will be taken next year on whether to proceed to mixed gold and copper extraction.

By 1985, the open-cut mine is expected to provide 70 kilograms (155 pounds) of gold a day and by 1989, when the gold is exhausted, 320 metric tons of pure copper a day.

The project is owned by the Australian mining giant Broken Hill. The U.S. oil company Amoco, both having a 30-percent share, a group of five West German companies and the Papua New Guinea government, with a 20-percent stake each.

Two American construction companies, Bechtel and Morrison-Kaudern International, have been contracted to build the mine and its infrastructure.

Supplies arrive at Kiunga by barge after a 1,200-kilometer (750-mile) sea and river journey from Port Moresby. As until recently the area had no roads, a 148-kilometer (90-mile) road was completed through dense forest from Kiunga to Tabubil, the advance construction camp.

Until the road broke through, much of the equipment, including dismantled trucks and bulldozers, was flown to Tabubil. The gold will be transported out the same way.

The project now employs 3,000 people, 80 percent of which are recruited locally, and it has had an enormous impact on the local Min people, who had to make an accelerated journey from their primitive lifestyle of two decades ago into the 20th century.

The Ok Tedi mine should become a cornerstone of the Papua New Guinea economy during its 30-year life. Officials say that by the end of the decade, taxes and earnings from the mine should provide about a sixth of the government's revenue.

Closing prices, July 15

May	976	965	965	965	975	944
June	976	965	965	965	975	944
July	976	965	965	965	975	944
3,667 tons of 5 tons.						
BAGGILL						
May	274.5	262.0	262.0	262.0	267.0	267.0
June	274.5	262.0	262.0	262.0	267.0	267.0
July	274.5	262.0	262.0	262.0	267.0	267.0
Aug.	274.5	262.0	262.0	262.0	267.0	267.0
Sept.	274.5	262.0	262.0	262.0	267.0	267.0
Oct.	274.5	262.0	262.0	262.0	267.0	267.0
Nov.	274.5	262.0	262.0	262.0	267.0	267.0
Dec.	274.5	262.0	262.0	262.0	267.0	267.0
1967	274.5	262.0	262.0	262.0	267.0	267.0
1968	274.5	262.0	262.0	262.0	267.0	267.0
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2026	274.5	262.0	262.0	262.0	267.0	267.0
2027	274.5	262.0	262.0	262.0	267.0	267.0
2028	274.5	262.0	262.0	262.0	267.0	267.0
2029	274.5	262.0	262.0	262.0	267.0	267.0
2030	274.5	262.0	262.0	262.0	267.0	267.0
2031	274.5	262.0	262.0	262.0	267.0	267.0
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2056	274.5	262.0	262.0	262.0	267.0	267.0
2057	274.5	262.0	262.0	262.0	267.0	267.0
2058	274.5	262.0	262.0	262.0	267.0	267.0
2059	274.5	262.0	262.0	262.0	267.0	267.0
2060	274.5	262.0	262.0	262.0	267.0	267.0
2061	274.5	262.0	262.0	262.0	267.0	267.0
2062	274.5	262.0	262.0	262.0	267.0	267.0
2063	274.5	262.0	262.0	262.0	267.0	267.0
2064	274.5	262.0	262.0	262.0	267.0	267.0
2065	274.5	262.0	262.0	262.0	267.0	267.0
2066	274.5	262.0	262.0	262.0	267.0	267.0
2067	274.5	262.0	262.0	262.0	267.0	267.0
2068	274.5	262.0	262.0	262.0	267.0	267.0
2069	274.5	262.0	262.0	262.0	267.0	267.0
2070	274.5	262.0	262.0	262.0	267.0	267.0
2071	274.5	262.0	262.0	262.0	267.0	267.0
2072	274.5	262.0	262.0	262.0	267.0	267.0
2073	274.5	262.0	262.0	262.0	267.0	267.0
2074	274.5	262.0	262.0	262.0	267.0	267.0
2075	274.5	262.0	262.0	262.0	267.0	267.0
2076	274.5	262.0	262.0	262.0	267.0	267.0
2077	274.5	262.0	262.0	262.0	267.0	267.0
2078	274.5	262.0	262.0	262.0	267.0	267.0
2079	274.5	262.0	262.0	262.0	267.0	267.0
2080	274.5	262.0	262.0	262.0	267.0	267.0
2081	274.5	262.0	262.0	262.0	267.0	267.0
2082	274.5	262.0	262.0	262.0	267.0	267.0
2083	274.5	262.0	262.0	262.0	267.0	267.0
2084	274.5	262.0	262.0	262.0	267.0	267.0
2085	274.5	262.0	262.0	262.0	267.0	267.0
2086	274.5	262.0	262.0	262.0	267.0	267.0
2087	274.5	262.0	262.0	262.0	267.0	267.0
2088	274.5	262.0	262.0	262.0	267.0	267.0
2089	274.5	262.0	262.0	262.0	267.0	267.0
2090	274.5	262.0	262.0	262.0	267.0	267.0
2091	274.5	262.0	262.0	262.0	267.0	267.0
2092	274.5	262.0	262.0	262.0	267.0	267.0
2093	274.5	262.0	262.0	262.0	267.0	267.0
2094	274.5	262.0	262.0	262.0	267.0	267.0
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2097	274.5	262.0	262.0	262.0	267.0	267.0
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2099	274.5	262.0	262.0	262.0	267.0	267.0
2100	274.5	262.0	262.0	262.0	267.0	267.0
2101	274.5	262.0	262.0	262.0	267.0	267.0
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2107	274.5	262.0	262.0	262.0	267.0	267.0
2108	274.5	262.0	262.0	262.0	267.0	267.0
2109	274.5	262.0	262.0	262.0	267.0	267.0
2110	274.5	262.0	262.0	262.0	267.0	267.0
2111	274.5	262.0	262.0	262.0	267.0	267.0
2112	274.5	262.0	262.0	262.0	267.0	267.0
2113	274.5	262.0	262.0	262.0	267.0	267.0
2114	274.5	262.0	262.0	262.0	267.0	267.0
2115	274.5	262.0	262.0	262.0	267.0	267.0
2116	274.5	262.0	262.0	262.0	267.0	267.0
2117	274.5	262.0	262.0	262.0	267.0	267.0
2118	274.5	262.0	262.0	262.0	267.0	267.0
2119	274.5	262.0	262.0	262.0	267.0	267.0

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U.S. Money Rates		July 15	
		Close	Prev.
Prime rate		16 1/4	16 1/4
Federal Funds		13 1/4	13 1/4
Discount Rate		12.00	12.00
Broker Loan Rate		14 1/4	14 1/4
Commercial Paper, 30-89 days		12.20	12.25
3-month Treasury Bills		11.00	11.59
6-month Treasury Bills		12.67	12.67
CD's 30-89 days		13.20	N.A.
CD's 90-89 days		13.10	N.A.
In percent			

	Q1	Ann'l	Per.	R2
Bally's Inc.	20	20	20	20
N Y Times Co. A	20	20	20	20
N Y Times Co. B	20	20	20	20
USUAL				
Aluminum Co of Am	45	20	10	15
Amalgamated	20	20	20	20
Barnett Trl-Site	20	20	20	20
Celery Co	20	20	20	20
Control & South West	20	20	20	20
Cowd Co	20	20	20	20
Cuba	20	20	20	20
Dartmouth	20	20	20	20
First Forest	20	20	20	20
Hellman	20	20	20	20
Hayes-Dow	20	20	20	20
Hartford Bancorp	20	20	20	20
Leahy	20	20	20	20
Memorandum Index	20	20	20	20
Ocean Corp	20	20	20	20
Perry	20	20	20	20
Schumacher Inc	20	20	20	20
Seaboard Air Lines	20	20	20	20
Textiles Industries	20	20	20	20

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Annex.

Hitachi Ltd. Completes TV Plant in Shanghai

The Associated Press

TOKYO — Hitachi Ltd. said Thursday that it has completed a 3-billion-yen (\$11.7-million) color television assembly plant in Shanghai for China's National Technical Import Corp.

The plant will have annual capacity of 200,000 sets, raising China's total color TV capacity to more than 500,000 a year, Hitachi said. The company is to finish next

of turning out 960,000 color TV tubes a year.

FUTURES DOW JONES
Through New York Industrial Index Fund
Prices in U.S.\$

Maturity	bid/offer quotes July 15 1400 hrs. L.	Business done last week low/high
July 29	824/832	801/832
Aug. 26	824/834	800/834
Sep. 30	827/834	800/834

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325262 Switzerland 22 218655**
**Singapore 3440444 Malaysia 3
631792 Australia 2 2336822.**

Dec	N.T.	N.T.	1,331	1,340	-4
Mar	N.T.	N.T.	1,477	1,495	-15
May	N.T.	N.T.	1,265	1,255	-10
Jlv	N.T.	N.T.	1,295	1,285	-10
Sep	N.T.	N.T.	1,295	1,285	-10
a lots of 10 tons. Open interest: 400					
COFFEE					
Jlv	N.T.	N.T.	-	1,500	-10
Sep	1,380	1,370	1,374	1,376	-40
Nov	1,292	1,280	1,286	1,283	-33
Jan	N.T.	N.T.	1,240	-	-20
Mar	1,265	1,265	1,250	1,265	-40
May	N.T.	N.T.	1,287	-	-32
Jty	N.T.	N.T.	1,235	-	-38
110 lots. Open interest: 955					

Figures in sterling per metric ton, Silver in ounce per Troy ounce.			
	Today		Previous
High grade copper cathodes:			
spot	\$2.00	\$2.00	\$5.00
3 months	\$2.00	\$2.00	\$6.00
Copper cathodes:			
spot	\$2.00	\$2.00	\$5.00
3 months	\$2.00	\$2.00	\$6.00
Tin:			
spot	\$4.00	\$4.00	\$4.00
3 months	\$4.00	\$4.00	\$4.00
Lead:			
spot	\$3.00	\$3.00	\$3.00
3 months	\$3.00	\$3.00	\$3.00
Zinc:			
spot	\$3.00	\$3.00	\$3.00
3 months	\$3.00	\$3.00	\$3.00
Silver:			
spot	\$3.00	\$3.00	\$3.00
3 months	\$3.00	\$3.00	\$3.00

3 months	300000 300000 300000 300000																																																			
<h2>Highs and Lows</h2> <p>NEW HIGHS—50</p> <table border="0"> <tr> <td>AmBdcat</td> <td>Dean Foods</td> <td>NoNcNstr</td> </tr> <tr> <td>AmFamity</td> <td>Edi Kodak</td> <td>PerfumeCo</td> </tr> <tr> <td>AmHome</td> <td>Emv Road</td> <td>PetVetCo</td> </tr> <tr> <td>AmWtr of C</td> <td>Robert Calra</td> <td>Pinejet JCo</td> </tr> <tr> <td>Bushward</td> <td>Redco</td> <td>PineJet</td> </tr> <tr> <td>Ayuda</td> <td>Gen Elec</td> <td>Proct Gamb</td> </tr> <tr> <td>Betwam</td> <td>Gen And</td> <td>RevoCoS</td> </tr> <tr> <td>Bttr Broker</td> <td>Gen Mills</td> <td>RollingE</td> </tr> <tr> <td>Bristway</td> <td>Grading</td> <td>RowCrsm</td> </tr> <tr> <td>Brk of C</td> <td>Grading</td> <td>Schae Corp</td> </tr> <tr> <td>ChickP</td> <td>Houdren</td> <td>Synkex S</td> </tr> <tr> <td>ChickP</td> <td>House Fabric</td> <td>Synco</td> </tr> <tr> <td>Chrysler</td> <td>Ideol Trv</td> <td>Tecora wA</td> </tr> <tr> <td>ChickP</td> <td>IAA</td> <td>Um Commrc</td> </tr> <tr> <td>ChickP</td> <td>Johns</td> <td>Wm Phipps</td> </tr> <tr> <td>CoCoCo</td> <td>Johns</td> <td></td> </tr> <tr> <td>CoCoCo</td> <td>Johns</td> <td></td> </tr> </table>		AmBdcat	Dean Foods	NoNcNstr	AmFamity	Edi Kodak	PerfumeCo	AmHome	Emv Road	PetVetCo	AmWtr of C	Robert Calra	Pinejet JCo	Bushward	Redco	PineJet	Ayuda	Gen Elec	Proct Gamb	Betwam	Gen And	RevoCoS	Bttr Broker	Gen Mills	RollingE	Bristway	Grading	RowCrsm	Brk of C	Grading	Schae Corp	ChickP	Houdren	Synkex S	ChickP	House Fabric	Synco	Chrysler	Ideol Trv	Tecora wA	ChickP	IAA	Um Commrc	ChickP	Johns	Wm Phipps	CoCoCo	Johns		CoCoCo	Johns	
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Alita Chalm	Hopewell	Seafirst
Cham/Whit	IC Inds	SonicCo
Chen/Ch	Illinois P	SullivanCo
ComfiliCo	Int'l Air	SunBak W
Conner/In	Int'l P	TanChen
Dan River	Kaiser 1,2,3	TeaAm Bagn
Deer/In	Kellogg	Tenken Co
DewCo	McDermid	Tiro/Pl
Dow/Co	McDor 2,3	Tro/Pl
Edelman	Met/Star	Tri/Pl
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FerroCo	NewEng 2,225	Unifit
Goodrich's	Oranjest	Vorro
Hanco	Pennel	West
HerculesInc	SoloAnl/P	West PIA

Most of the money, \$108,852, represented profit made by J. Robert Fabregas in buying 200 call-option contracts on Chicago-based Brunswick Corp. common stock a few days before a client of the bank announced a tender offer for the firm, the SEC alleged Wednesday. The remaining \$33,515 allegedly came from trading on inside in-

Credit Suisse citizens, Mobiltox Corp. and Los Angeles-based National Medical Enterprises Inc., the SEC said in a civil complaint filed in U.S. district court.

Consent order settling the complaint was signed in federal court simultaneously with the SEC's filing of charges against Mr. Fabreus and Stephen Porter, a broker allegedly involved in Brunswick's purchase by Los Angeles-based Whittaker Corp.

The SEC said Mr. Porter helped Mr. Fabreus identify Brunswick as Whittaker's acquisition target sometime during December and *January*, then *appeared* at the third party meeting for a \$4,958 profit. The third party was not identified.

Mr. Porter, who at the time worked for Merrill Lynch, Pierce, Fenner & Smith Inc., has agreed to repay the sum.

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SPORTS

Clampett Cards 67 For 2-Shot Lead in British Open Golf

Compiled by Our Staff From Dispatches
TROON, Scotland — Bobby Clampett, playing straight into a cold, blustery wind, birdied the final hole to complete a 5-under-par 67 that put him in a 2-stroke lead Thursday in the first round of the 111th British Open golf championship.

"Definitely one of the top five rounds I've ever played," said the 22-year-old American, who is competing in his first British Open.

Tom Watson and Nick Price, a longshot from Zimbabwe, shared second place with 69.

"I'm very happy, 69 at Troon today is a very good score," said Watson, who is seeking a fourth British Open title. He then was asked about Clampett's effort in the biting winds that gusts to 20 miles per hour. "The temperatures that hit in the 40s."

"A 67. That's perfect," Watson said.

3 Tied With 70

Ken Brown, Bernhard Langer and Des Smith were another stroke back at 70, two shots under par on the Royal Troon Golf Links, which stretches 7,067 yards along the gray waters of the Firth of Clyde.

Arnold Palmer got to 4-under at one stage, then made the turn into the homeward nine, which plays straight into the wind, and had to work hard to get in with a 71.

"All the holes on the back nine played like par-5," said Palmer, who played the par-4, 457-yard 15th with two drives and still came up 50 yards short of the green.

"I felt good, but when I got it four under, I felt like I should have got it a little better than 71."

He was tied with Johnny Miller, Seve Ballesteros, Massimo Maccanico, Craig Stadler, José María Canizares and Danny Edwards. Curtis Strange, David Russell, Mark Thomas and Paul Way were another stroke back at par 72.

The defending titleholder, Bill Rogers, had a 73, as did 13 other golfers, among them Tom Kite, Fuzzy Zoeller, Nick Faldo and David Gredler. But Jack Nicklaus, struggling to a fat 77, 5-over and 10 shots back.

"I just wasn't with it," said Nicklaus, winner of 17 major pro-

fessional titles and generally considered the finest player the game has produced.

"I didn't play well. I couldn't make anything happen. I couldn't make a putt. And my interest level was about the same. And that's unusual for me," Nicklaus said.

Jerry Pate withdrew after shooting a nine-over-par 81. He double bogeyed the 10th and 11th holes, and then bogeyed Nos. 14, 16, 17 and 18.

Palmer, who scored the second of his back-to-back Open triumphs here in 1962, had trouble getting the distance into the wind on the back nine, and was determined to add a few vital yards Friday to consolidate his fine start.

"I need another 20 to 30 yards and I can do that with a little work overnight," the 53-year-old explained.

Asked how he would accomplish that goal, Palmer said that apart from slowing his tee shot and adding a little weight to the club, "maybe I will eat a little more myself tonight."

The problem facing all 150 competitors Thursday, both young and old, was the strong wind blowing straight down many of the last nine holes, making them very long.

"The outward nine is relatively easy, if you consider playing downwind easy," Palmer explained. "You can reach the par fives, but you have to be a little careful about going over the greens on a lot of occasions."

"Coming in you could put Nos. 10, 13 and 15 [all par fours] in a category as par fives, because that's the way they were playing. I was short on the 13th and 15th, and I need an extra 20 to 30 yards."

Tricky Memory

Palmer said he felt very good out on the site of his 1962 triumph. He said he was not hurt by not getting the length despite driving well, but he was not as short on his first two strokes as he had thought in practice, when his memory played tricks on him.

"When I was out the other day going up the 13th, I thought I can't really be that short, but then I realized they had moved the tee back 50 yards," he said.



Jack Nicklaus lining up a putt and Arnold Palmer hitting out of a bunker Thursday at the British Open golf tournament.



Photos by The Associated Press

A Tale of Two Major Baseball Leagues With the Best and Worst of Stars

Continuing Puzzle: An Imbalanced Midseason Classic

By Joseph Durso

New York Times Service

MONTREAL — Lee MacPhail, the president of the American League, considered the odds against losing 19 of 20 All-Star Games and said, "If you flipped a coin 20 times, you'd do better."

But, in one of the continuing puzzles in baseball, MacPhail's team of stars did not do better Tuesday night. They lost to the National League, 4-1, before 59,057 fans in Olympic Stadium and have now dropped 11 straight games and 19 of the last 20.

"I can't explain it," said Lance Parrish of the Detroit Tigers. "But I still don't believe they are any better than us. The talent is equal. I don't see them doing anything differently than we do. They got the big hits, and we didn't. But on one

will ever convince me they are better."

Al Oliver of the Montreal Expos, who has played on four winning National League teams and two losing American League teams, offered an observation but no sympathy to MacPhail and Parrish.

"The difference in the leagues," Oliver said, "is that both have super players, but the National League has more of them. I think maybe the personality of the National League players is more outgoing. There is no question that there is more enthusiasm here."

There was more enthusiasm Tuesday night, but not much mystery, and for good reason. The National League seized the tactical advantage early in the game when Dave Concepcion of the Cincinnati Reds hit a home run, and then protected it with some exceptional strikeout pitching. And there was nothing mystical about the fact that the American League left 11 runners on base.

"We had enough opportunities," said Billy Martin of the Oakland A's, who lost for the third time in six years as the American League's manager. "We just didn't capitalize. But our guys played well, and I'm proud of them."

For the third straight year, the American Leaguers took the early lead, and for the third straight year lost it. They got three singles off Steve Rogers of the Expos in the first inning and scored on a sacrifice fly by Reggie Jackson of the California Angels. But after that, they scored no more.

Martin's pitcher then was Dennis Eckersley of the Boston Red Sox, who had won nine games and lost seven in the first half of the season. He also had thrown home-run pitches 15 times in 18 starts.

But he had not pitched since last Friday, and Martin started him because Eckersley was rested, experienced and right-handed. And, Martin said, he wanted curvball pitchers throwing to a lineup of mostly right-handed fastball hitters.

Eckersley retired the first five batters, then walked Dale Murphy of the Atlanta Braves with two down in the second inning. Then he threw a slider to Concepcion, who had hit only one home run in 83 games this season, but the slider didn't slide very far. It hung high, and Concepcion pulled it past the left-field foul screen, fair by a few feet.

"I had just walked Murphy on four pitches," Eckersley said, "and then I went to the slider, and it was goodby. He yanked it."

"He got me off the hook," said Rogers, who thereby became the winning pitcher. "I simply told him: 'Thank you, very much.'"

Martin, who had lost the lead because of a hanging slider, now faced the old problem of regaining it against powerful pitching. His

team even put runners on base in eight of the nine innings, but only one run scored as Manager Tommy Lasorda of the Los Angeles Dodgers sent seven pitchers into the game.

The most successful was Mario Soto of the Cincinnati Reds, who struck out four batters in two innings. But the most maddening moment for Martin came in the fifth inning, when Steve Carlton of the Philadelphia Phillies faced Willie Wilson of the Kansas City Royals with one down. Leading off first base was Rickey Henderson of the A's.

The chances against a double play were astronomical because Henderson and Wilson are two of the sport's best sprinters, with 98 stolen bases between them this season. So what happened? Wilson bounded sharply to Carliou for a double play, and the opportunity was gone.

We should enjoy this odd, anachronistic state of affairs while it exists because, in all likelihood, one of the irreversible baseball trends of the 1980s will be a dramatic eroding of the sharp differences between the leagues.

Bowie Kuhn, the baseball commissioner, was asked several days ago for his prediction on the most significant change to come out of the sport's months of executive meetings and reports from the Restructuring Committee.

"If things continue to go in the direction they now appear headed," Kuhn said, "I think baseball will soon do its voting on all important issues on a sport-wide (26-team) basis, rather than voting as separate leagues. I'm hopeful about that."

Kuhn, like many, has long felt that many progressive measures were defeated by a small pocket of opposition in one league. More than once, a single veto from a National Leaguer has thwarted the will of all the other clubs in the game.

The best bet is that, in the near future, many decisions will be made on a simple majority vote of all 26 clubs, while even the most far-reaching decisions — like inter-league play, three-division-per-league with wild cards, and revenue sharing — will require only a three-quarters majority vote of all the owners.

This will be a significant transformation from the present setup, where, for instance, four National League owners could block Kuhn's re-election as commissioner, even if all 22 other teams wanted him. The more feeling you have for the nose-counting lay of the land in baseball's politics, the more you realize the vote-swapping and back-scratching possibilities of a system where any coalition of 20 owners (three-quarters of 26) can change the shape of the game.

The present sense of ownership is that one of the game's priorities is to homogenize the leagues in several areas.

For instance, make a decision one way or the other on the designated hitter but do not continue to have a World Series where the

Merging of Separate Identities Likely to Happen Soon

By Thomas Boswell

Washington Post Service

MONTREAL — Baseball is the only sport with a truly powerful sense of league identity.

In no professional sport is there such an interesting and genuine prickliness of feeling between leagues as there is between the National and American baseball leagues at an All-Star Game or World Series.

Each league believes itself to be better, but the American League has a tough case to make. And each league is honestly curious about the other. It is not unusual to see famous stars going through the bizarre formality of introductions. Tim Lincecum ("Excuse me, Mr. Yastrzemski, I'm...") and Al Oliver have been collecting autographs, while San Francisco reliever Greg Miotto is into snapshots.

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The present sense of ownership is that one of the game's priorities is to homogenize the leagues in several areas.

For instance, make a decision one way or the other on the designated hitter but do not continue to have a World Series where the

rules rotate every year. Also, not far in the future, try to centralize all umpires so that the strike zone is the same in both leagues.

Can some limited form of inter-league play — a sure-fire money-maker in an era when owners are weeping over red ink — be far away?

That's why Tuesday night's All-Star game had an extra richness. The National League is still the home of fast balls and fast feet, AstroTurf and bean balls, modern but antiseptic ballparks and low strikes. The American League still tends toward breaking balls on crumpled counts and home run sluggers, grass fields and polite manners, atmospheric but inconvenient old ball yards and fast strikes. The American League used to have a near-monopoly on the game's growing core of borderline competent and/or belligerent umpires, but, unfortunately, the National League is catching up.

Generalizations about the National League being the earlier of the two leagues have enough truth to arouse interest. Certainly a National League lineup of John Stearns, Rose, Steve Sax, Ozzie Smith, Ray Knight, Lonnie Smith, Raines and Bull Durham would make the Dirty Dozen look cosmopolitan: these guys go out of their way to get filthy.

On the other hand, an American League lineup of Andre Thornton, Carlton Fisk, Eddie Murray, Frank White, Bucky Dent, Buddy Bell, Yastrzemski, Fred Lynn and Willie Wilson would make an all-time take-home-to-mother team. Put these guys out there together and you might have the first chatterless baseball game.

Finally, let it be noted that only in a National League city could four of the nameplayers over American League lockers have been grossly misspelled: Yastrzemski, Quisenberry, Windfield, Eckersley.

National League fans call it intimidating psychological warfare. American League fans just assume that's the way National Leaguers spell.

NFL Owners, Players Remain Deeply Divided On How to Apply Contract After Expiration

By Bart Barnes

Washington Post Service

NEW YORK — As the contract between the National Football League and the NFL Players Association was nearing expiration, all eyes were turned to the NFL owners' meeting Thursday, when they were expected to decide whether to permit mandatory testing of players for illegal use of drugs and the signing of rookies after the contract expired.

And they remained light years away from a common ground on which to build a new settlement.

Jack Donlan, the NFL's chief labor negotiator, told the NFLPA Wednesday that the clubs already had the right to run analysis tests on players, and he said he distributed a memorandum about a week ago telling them that. Unsurprisingly, he said, could sign their club's last offer any time after the expiration of the contract and report to training camp.

Ed Garvey, executive director of the NFLPA, retorted that all unsigned rookies must negotiate through the union after midnight Thursday and could not sign anything on their own.

Players Won't Do It

On the issue of analysis, he said: "The players won't do it. If the clubs try it, it would be a unilateral change in working conditions and we would file a complaint with the National Labor Relations Board."

As far as the agreement is concerned, the union Wednesday formally rejected a management offer Tuesday that would have raised minimum salaries and bonuses for postseason play and

ended the movement of free agents from one team to another.

"It's an insult," Garvey said. "We wait six months and we get an offer like this that doesn't keep pace with the cost of living."

Donlan recessed negotiations abruptly Wednesday afternoon after the union rejected his request that it waive its right to be the exclusive bargaining agent for unsigned players with the expiration of the contract.

The union had waived that right as part of the current agreement but, with the expiration of that pact, the right of exclusive representation automatically reverts to the union under federal labor law.

Both sides agree that individual negotiations must cease after midnight Thursday and that unsigned players may not report to training camps.

Donlan said he had to leave the meeting to prepare a memorandum for the clubs telling them how to deal with unsigned players. Veteran free agents, he said, can be signed for 110 percent of their 1981 salary and rookies can sign the club's last best offer.

"If they didn't sign it before July 15, why would they want to sign it afterwards?" Garvey asked. He said the NFLPA refused to waive its right of exclusive representation because unsigned players need union protection. As of Friday, 90 rookies and 70 veteran free agents remained unsigned, but many have signed since then, the NFL said.

What About Congressmen?

On the issue of analysis, Garvey observed that there have been allegations of illegal use of drugs on Capitol Hill as well as in the NFL in recent weeks.

"Presumably the decisions being made on Capitol Hill are more important than those made on the football field, but nobody's talking about making Congressmen submit to a urinalysis," Garvey said.

Donlan answered: "We're not trying to punish anyone. We want to help the players who need help. This is serious business. We're talking about men's lives. I have told the clubs they already have the right to give more than one physical examination a year, and they can do a urinalysis for drug use."

The two games so far could hardly be called cliffhangers — the Americans romped over the Chinese Wednesday night, 100-76. And on Monday night, another part of the squad beat the same Chinese team, 93-66, in the Manchurian city of Shenyang.

The Chinese have seemed dazzled by the seemingly effortless dexterity of their guests. On Thursday the Peking Daily newspaper praised the NBA All-Star team's superb skill, from which it hoped China would learn something. "They played at a very high standard," agreed a Chinese spectator who paid the equivalent of 31 cents, the usual admission, to see Wednesday night's game.

The youthful Chinese team, weaned on

NBA Stars Dazzle Chinese Players During Exhibition Tour

By Christopher S. Wren

New York Times Service

PEKING — Kareem Abdul-Jabbar looms large on any basketball court, but Han Pengshan, a gangling center for China's national team, stood a couple of inches taller than the seven-foot two-inch Jabbar when they squared off Wednesday night in Peking's Capital Stadium.

Abdul-Jabbar, of the Los Angeles Lakers, was in China with 22 other players and four coaches from the National Basketball Association for a series of exhibition games and clinics set up by their union, the National Basketball Players Association.

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China's ubiquitous sandlot basketball hoops, was taller than the Americans expected. They averaged about six feet five inches, while the Americans averaged six feet seven inches. A few players, like Ji Zhaogang, a six-foot four-inch forward from Canton, turned out to be formidable sharpshooters.

But their performance before 18,000 sympathetic spectators was limited by stubborn adherence to a zone rather than man-to-man defense. And a few starters like the 21-year-old Han were kept on the court for the full 40 minutes, growing too exhausted to challenge the eventual American domination of both backboards.

Oscar Robertson, as coach, freely substituted to give his entire team the chance to play. The Chinese coach showed no such confidence in his bench.

Though the Chinese began by matching the Americans almost shot for shot, they were trailing, 54-44, by halftime, and this widened to a 24-point spread when the game ended and fans were already packing the exits to retrieve their bicycles parked outside.

The evening's high scorer was Ji Zhaogang, with 24 points. Maurice Lucas, traded last week by the New York Knicks to the Phoenix Suns, was his team's high scorer with 17 points.

The game Wednesday night also used a

kins, a coach who used to play for the Seattle SuperSonics.

Robertson felt that a lack of creativity hampered the Chinese, who seemed weakest in the middle. He proposed that they send some players over to a U.S. training camp for a few weeks. The Chinese officials promised to think about it.

Steve Mix of the Philadelphia 76ers, who played in Shenyang, said afterwards, "They don't have the coaching we do. They are more regimented. We are more imaginative."

But the Americans were impressed by the good behavior of the Chinese fans, who applauded politely rather than cheered when their team scored a basket. "They were a very nice, mannered crowd," Robertson said. "Not like an American crowd."

The Washington Bullets previously played some basketball exhibition games in China in 1979. The current visit of the NBA All-Stars is not sponsored by either government.

Lawrence Fleisher, the general counsel of the NBA, said that to pay for the trip, three of the games were being taped for cable television back home and a documentary was being done for syndication.

"The one thing it will not be is money-making," Fleisher said. "The question is how little expenses it will cost."

SPORTS BRIEFS

Kelly Captures 12th Stage of Tour

PAU, France — Sean Kelly, an Irishman with a seemingly effortless final sprint, won the 12th stage of the Tour de France bicycle race Thursday but Bernard Hinault of France retained the overall leader's yellow jersey.

Kelly completed the mountainous 249-kilometer (155-mile) stage from Fleurance in six hours, 55 minutes and 47 seconds. Phil Anderson of Australia and Johan Van Der Velde of the Netherlands took second and third place, posting the same time as the Irishman.

Dover Swimmer Sets Channel Mark

DOVER, England — An 18-year-old apprentice electrician from Dover set a record Thursday by swimming the English Channel from France to England in eight hours, 52 minutes.

Richard Charlesworth's feat, officially observed and recorded by the Channel Swimming Association, clipped 43 minutes off the previous France-to-England record set in 1964 by Barry Watson from Yorkshire. The overall record for swimming the 21-mile Channel belongs to Penny Dean of San Jose, Calif., who swam from Shakespeare Beach, Dover, to Cap Gris-Nez, France, July 29, 1978, in 7:40.

Decker-Tabb, Scott Win in Lausanne

LAUSANNE, Switzerland — Mary Decker-Tabb won the 800 meters while Steve Scott won the men's 1,500 meters in 3 minutes, 32.76 seconds in an international track and field meet Wednesday night.

Decker-Tabb's time of 1:58.33 fell just short of the American record of 1:57.9 as she attempted to add to her list of 1982 marks. Last week she set a world mile record of 4:18.80.

While winning the 1,500-meter race just ahead of Sydney Maree, who finished in 3:33.1, Scott failed in his announced bid to break Steve Ovett's world record of 3:31.36. Mark Fricker of Oregon State University, who was used as a rabbit in the attempt, set too slow a pace, by 0.7 second, in the first quarter-mile.

In the pole vault, Dave Volz, an American, outdistanced strong opponents from France and Poland to win the event at 18 feet, 8 1/2 inches.

52 Teams to Shoot For NCAA Crown

MISSION, Kan. — The National Collegiate Athletic Association has announced that it will retain the 48-team postseason basketball championship but that next year it will initiate a pretournament elimination round, giving a total of 52 schools a chance at the national title.

Under the plan, 28 Division-I conferences are to send representatives to the tournament; of the 28, eight conference champions will meet in a March 15 elimination. The four winners will advance to the regular bracket, which would also include 20 other conference qualifiers and 24 at-large teams.

Compiled From Agency Dispatches

Transactions

BASEBALL

CHICAGO — Nommed Ken Stivers pitching coach.

NEW YORK — Recalled Ruth Hudson, third baseman, from Columbus of the International League. Outfitted Steve Botteri, first baseman, to Columbus.

NATIONAL LEAGUE

CHICAGO — Sold Dan Bries, outfielder-first baseman, to the Yokohama BayStars of Japan for an undisclosed amount of cash.

CINCINNATI — Acquired German Borchers, infielder, to Indianapolis of the American Association.

MONTREAL — Purchased the contract of Carl Smith, third baseman, from Wichita.

FOOTBALL

CHICAGO — Signed Jerry McCann, running back, and John Turner, defensive back.

DENVER — Signed Gerald Wilkie, running back, Orlando McDougal, and Don Pletzer, receivers, to a series of one-year contracts.

ST. LOUIS — Signed Steve Morris, offensive tackle, and Steve Morris, offensive back, to a series of one-year contracts.

HOCKEY

MINNEAPOLIS — Signed Jim Hill and Ron Delaney, right wingers, and Don Elliott, goalie, to multi-year contracts.

NEW ENGLAND — Signed Clayton Woodhouse, defenseman, and Kevin Morris, forward.

ST. LOUIS — Signed Luis Shorne, defensive

If you bought the computer, you could go downstairs and tell it you were putting the note under the bedsprings so you'd know where to look for your eyeglasses tomorrow. If you're like me though, when you went to check the whereabouts of your eyeglasses next morning, you wouldn't be able to remember where you put the computer.

New York Times Service

Returning to Pitcairn

Although both men had served in World War I, they did not meet until after the war. They were both commissioned to write the history of the war in the Pacific. They began writing in Paris, later settling in Tahiti in 1921. They wrote alternately, each other, and each rewrote the other's work. Their books, "The South Seas" and "Falklands of the Escadrille, before hitting it big with "Mutiny", were the most famous of their books. "Mutiny" was a reconstruction of history, and of a film that starred Charles Laughton and a Christian.

tic, writes, "I can think of many other, but in American fiction of this Hall." He cites four of their books by trilogy, published between 1932 and in 1935. The two collaborated during the two decades they lived in Hall returned to Tahiti, where, as "Paradise," he was "the most un-ive lived there. Weeks further de-

"Lack of supplies is our biggest problem," said Young, a descendant of Midshipman Edward Young. "We only have ships that come with supplies and mail twice a year from New Zealand. Other than that we depend on occasional ships that stop by on their way somewhere else."

The economy consists of subsistence farming and the making of handicrafts that are sold to



During the next five years she made two more visits, finally marrying Brian and staying on.

Young said he had one goal before the ship hoisted anchor; "I would like to go to one of those big American shopping malls. I need some batteries for my radio and a few razor blades."

The great barber-shop controversy at the White House has resulted in a decision to spend a new \$9,000 beauty salon so President Reagan can have the barber shop to himself. But the decision apparently has not ended what White House Chief of Staff James A. Baker II described as a "raging controversy" between the barber and the beauticians, who currently share the same quarters on alternate days. Milton Pitts, the president's barber who occupies a small room in the White House, said on Tuesday and Thursday he will now get the room to himself. The beauticians, Yves and Nancy Grams, who currently use the salon on Wednesdays and Fridays, are upset about being moved to separate quarters in the Old Executive Office Building adjacent to the White House. James A. Baker II, in his administration at the White House, said the new quarters should be ready in a couple of weeks. In a recent interview, Baker said the new salon was being built "because we think it's important that the president's barber shop be the way it was throughout his presidencies up until the Carter years," he said. "That means he wants the shop reserved for the president, although Pitts also cuts the hair of Vice President George Bush, members of the Cabinet and several senior staff members. Even though the Grams' customers included many men who prefer styling to the more traditional haircuts of Beau Brummell, the new shop was being built because "there ought to be a place where women in the White House can have their hair done if there's a place where men can have a haircut." Both Pitts and the Grams are in business for themselves and do not work for the government. Nancy Grams has a rooming house on the Beverly Hills boulevard and is a beauty salon owner and does not patronize the Grams.

A concert in Palermo, Sicily by American pop star Frank Zappa, was halted when police fired tear gas to prevent fans storming the stage. Zappa, whose parents emigrated from Palermo to the United States, was not hurt. Police said that half an hour after the concert began hundreds of fans broke through barriers to join their idol on the stage. Officials who tried to stop them were met with a barrage of bottles and stones. Riot police then moved in with tear gas, triggering panic among the 10,000 spectators who fled the stadium.

Scrutiny on the Bounty

Although both men had served in a French flying unit during World War I, they did not meet until after the Armistice when they were commissioned to write the history of the Lafayette Escadrille. They met in Paris, where they met Martha's father and mother. They wrote the history in 1921. They wrote alternate chapters, which they read aloud to each other, and each wrote the other. They wrote "Faery Lands of the South Seas" and "Falcans of France," a novel about the Lafayette Escadrille, before hitting it big with "Mutiny on the Bounty." Like most of their books, "Mutiny" was highly praised for its imaginative and colorful history. The book was turned into a successful motion picture that starred Charles Laughton as Bligh and Clark Gable as Fletcher Christian.

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